THOMAS E. CONGDON
1776 LINCOLN STREET, SUITE ~~880~~ 800
DENVER, COLORADO 80203
303 • 778 • 6200

August 16, 2010

Ms. Sharon Abendschan
U.S. EPA Region 8
Technical Enforcement Program, 8ENF-RC
1595 Wynkoop Street
Denver, Colorado 80202

Re: Request for Information
Gilt Edge Mine Site
Lawrence County, South Dakota

Dear Ms. Abendschan:

This letter and its attachments shall constitute my response to your Information Request dated June 21, 2010 regarding the subject Site. I greatly appreciate the courtesy extended by your office in providing me with a 30-day extension to respond.

Some preliminary notes are in order. First, with respect to the initial paragraph of your covering letter, neither I, as a General Partner of the Congdon and Carey partnerships or as an officer of the CoCa Mines Inc., nor any of these entities, ever owned and/or operated any portions of the property comprising the Site.

Second, as to your request for documents, please take note that as an eighty-three year old retiree who left the relevant business nineteen years ago, I have hardly any print or other information relating to the subject Site in my files. I am providing what little I have as attachments, but was unable to categorize them according to individual questions, as requested in the Instructions.

Third, Definition No. 4 referred to a map depicting the location of the Site that was to be enclosed as Enclosure 3. I did not receive this map. I may need to refine or amend my answers if the Site boundaries are different from my general understanding.

Fourth, I am enclosing as Exhibit C the form of certificate that you requested, as adapted to meet my circumstances. Given the passage of so much time and the lack of available documents, I must emphasize that I have only minimal recollection of the matters raised in your questionnaire, and it is certainly possible that information or documents from other sources not available to me may shed further light on the subject questions. For these and other reasons, I reserve all rights to supplement this response. I also wish to reserve all my legal rights relating in any way to this matter.

Response to Questions

Question 1. I am answering these Questions on my own behalf. My address and telephone number are: 1776 Lincoln Street, Suite 800, Denver, Colorado 80203, 303-778-6200.

Question 2. The following individuals were briefly consulted in connection with the preparation of answers to Question 8 of this response, and in preparing Exhibit A. Note that both individuals are within my age range. Not surprisingly, Mr. Mukherjee had only limited recollection relevant to these questions, and Mr. Matheson had virtually none.

Nilendu S. Mukherjee 17918 West Skyline Drive Surprise, Arizona 85374 Ph 623-546-0478	Hugh J. Matheson 350 Ponca Place #65 Boulder, Colorado 80303 Ph 720-562-8191

Question 3. Attached as Exhibit B is a list of the documents being provided. Many relate to all or many of the questions, but I have tried to cite relevant documents wherever possible in both the individual responses and in Exhibit A.

Question 4. First, I should clarify that although your definition of "Congdon & Carey" includes only "Congdon & Carey, Ltd. 5," there were actually several Congdon & Carey partnerships. Of those, only Congdon & Carey, Ltd. 3 ("C&C3") and Congdon & Carey, Ltd. 5 ("C&C5") had any relationship to the subject Site.

I was one of two General Partners of C&C3 and C&C5. I could only find in my files what appears to be a draft (unsigned) of the Articles of Limited Partnership for C&C3, which are enclosed as Exhibit B-1. I don't have the Articles for C&C5, although there is some discussion of same in other documents.

I was Chairman of the Board of both the Delaware and Colorado companies known as CoCa Mines Inc. (collectively, "CoCa") from CoCa's organization in 1980 until its sale in 1991. Copies of the three annual CoCa reports from 1982, 1983 and 1984 which mention the subject Site, and any other corporate documents relevant to this question are attached. This includes what appears to be a draft of the Confidential Offering Memorandum developed when CoCa was first formed in 1980. See Exhibit B-2.

Question 5. As mentioned first above, neither C&C3, C&C5, nor CoCa conducted any operations or mining activities at the Site. Attached as Exhibit A is a narrative providing responsive information relevant to these questions. I thought it would be easier to put this information in one place.

Question 6. See the documents listed in Exhibit B.

Question 7. See Exhibit A. I do not have any documents and agreements except those few listed in Exhibit B; both C&C3 and C&C5 have long since ceased to exist, and all CoCa files were transferred to Hecla Mining Company in 1991. My relationship to the Congdon and Carey partnerships and CoCa and the interrelationship between these parties are described above in my response to Question 4 and in Exhibit A, and in the attached documents. The best description of the various personnel (including officers and directors) involved in CoCa and C&C5 as of December, 1981, that I had available is found in Exhibit II to Metals Acquisition Program. See Exhibit B-3. Available information regarding mergers, acquisitions and name changes of the Congdon and Carey partnerships and CoCa is provided in Exhibit A and in Exhibit B-7.

Question 8. As described in Exhibit A, no operations were conducted at the Site by C&C3, C&C5, or CoCa and no hazardous waste was deposited at the Site or otherwise generated during the time of the exploration work described in Exhibit A. No individuals working with any of these three entities had any involvement with hazardous waste. Nilendu S. Mukherjee was the associate/employee of the Congdon and Carey partnerships responsible for all exploration activities conducted at the Site by C&C3 in the 1960s. This would have included any "environmental regulations," to the extent they existed at the time. Cyprus was responsible for all such matters during the second exploration phase described in Exhibit A.

Question 9. I have no more information regarding the partnership with Cyprus Mines Corporation beyond that contained in Exhibits A and B. All file documentation relating to this matter was likely conveyed to Hecla Mining Company in 1991.

Question 10. Same as Question 9 above.

Question 11. Same as Question 9 above.

Question 12. Same as Question 9 above.

Question 13. I do not recall whether any of the relevant entities obtained any insurance specific to environmental liability at the Site. To the extent any such insurance may have been obtained by CoCa or any Congdon and Carey partnership, it would have been part of the file information transferred by CoCa to Hecla in 1991.

Question 14. My personal federal income tax returns for the past five years make no reference whatsoever to the Site or otherwise to the subject matter of this request, including CoCa, C&C3, and C&C5. I do not have tax returns dating back to the time where these entities existed. I am not a liable party for this Site and therefore it is my understanding that my personal financial status is not relevant.

Question 15. I do not know any persons who might be able to provide a more detailed or complete response to these questions unless such can be provided by an employee of Cyprus or its successor, or by Hecla Mining Company. To the extent old files of C&C5 or CoCa still exist, I suspect they would be in Hecla's possession.

Question 16. Same as Question 15 above.

Very truly yours,

Thomas E. Congdon

Thomas E. Congdon

EXHIBIT A

HISTORIC EXPLORATION ACTIVITIES AT GILT EDGE SITE

I, Thomas E. Congdon, served as one of two General Partners of a series of Congdon and Carey Limited Partnerships from 1961 to early 1983. I also served as Chairman of the Board of CoCa Mines Inc. ("CoCa") from its organization in 1980 until its sale in 1991. These partnerships and subsequently CoCa engaged in metals exploration and acquisition efforts in the United States, Canada and Australia that resulted in the development of three mines. However, the Gilt Edge Mine decidedly was not one of the exploration initiatives that resulted in any form of mining operations.

I. Phase I Exploration Work – Congdon and Carey, Ltd. No. 3 (C&C3").

The first interaction that any Congdon and Carey partnership had at the Site was in about 1964. To my best recollection, through one of the Congdon and Carey partnerships, Nilendu S. Mukherjee, then a graduate student at the Colorado School of Mines, was engaged in the summer of 1964 to map and sample the Gilt Edge area as the subject of his PhD thesis. His field work continued through the summer of 1965. Since C&C3 was not formed until sometime in about 1967 (as reflected in Exhibit B-1), to my best recollection, Mr. Mukherjee was engaged to do this work through a prior Congdon & Carey partnership – perhaps Congdon & Carey, Ltd. No. 2. I cannot recall how this PhD thesis work was funded, but I do not think Mr. Mukherjee was an employee of any Congdon & Carey partnership at that time.

C&C3 then decided to test the property's potential for copper and molybdenum beneath the gold mineralization area that had been sporadically exploited by previous mining ventures. Beginning in about 1968, C&C3 entered into option agreements covering some 830 acres of mining claims from a moribund mining company and a scrap metals corporation. These agreements vested no ownership rights, but instead provided for access and the like, and contained options (which were never exercised) to purchase the patented and unpatented mining claims (subject to retained royalties).

Ten to twelve diamond drill holes were drilled in the summers of 1968 and 1969 under the supervision of Mr. Mukherjee, who by then had received his PhD and had joined C&C3 as an employee in 1968. See Exhibit B-3, Ex. I, pp. 5-6, for a brief description of this work. Most of the holes were drilled to depths of 300 to 800 feet; one hole was drilled to more than 1,200 feet in an attempt to find an implied intrusive body. This was done through a drilling contractor, which may have been called the "George Sullivan Company of Minneapolis." The drilling equipment may have been furnished by a company then known as the Joy Company, or an affiliate.

The onsite drilling program was very straightforward. Drilling cores were collected at regular intervals, then transported in a core box to a small building that had been previously abandoned, but was roofed and otherwise functional. The building was located perhaps 1/3 to 1/2 mile offsite from the exploration area. Once in the building, the diamond drill cores were geologically logged by Mr. Mukherjee, and samples at intervals were split 50/50 through use of a basic core splitter. I would note that the splitter does not change the configuration or consistency of the original sample – no crushing, grinding, milling or other reduction processes are involved. Half of the original core was then sent to Denver for laboratory analysis. The entire balance of the core was stored in the old mine building. There was no waste, let alone any "hazardous waste," generated from this work. Nor was any waste rock produced.

To my understanding, the drilling contractor used mud tanks, rather than mud pits, to contain the circulating drilling fluids. This limited exploration work caused no increase in or otherwise impacted water flow in the area, whether groundwater or surface water. Any pre-existing contamination that may have been in the Site at the time would not have been impacted whatsoever by this drilling program. In this regard, C&C3 was generally able to use existing roads and other infrastructure at the Site to access the drilling area, and no new roads or other construction work was required. No other physical mine preparation work was performed.

These drill holes are assumed to have been subsequently eliminated by the third party operations at the Site that followed some years later. Since C&C3 was exploring the same mineralized body which later was actually mined by others, it stands to reason that these drillholes were located in the same area encompassed by subsequent open pit mining operations. In short, the target area explored by C&C3 was both laterally and vertically eradicated - that is, literally dug up – by subsequent mining activities performed by others. This reinforces that C&C3's limited exploration activities resulted in no water-related or other environmental impacts of the nature that are currently driving EPA's response actions.

In 1971, C&C3 abandoned the Gilt Edge Project and terminated its agreements with the claim owners, as the copper and molybdenum mineralization disclosed by drilling was insufficient to justify further exploration. The C&C3 partnership subsequently terminated and had no further interaction whatsoever with the Site.

Pursuant to standard practice at the time, the exploration wells were closed and abandoned by welding a permanent metal cap to seal the wellhead and surface casing.

II. Phase II Exploration Work – Cyprus.

By 1975, the price of gold had risen and interest in the near surface gold mineralization at the site was aroused. Cyprus Mines of Los Angeles ("Cyprus") requested the aid of a new partnership, Congdon and Carey, Ltd. No. 5 ("C&C5"), in renegotiating the agreements governing mining claims at the Site. I do not have the Partnership Agreement or any related documents, but from the documents provided I see that C&C5 was organized as of July 1, 1974.

Like the prior agreements, these options vested no ownership rights in the mining venture or any of its participants. In consideration for acting as its agent for the specific purpose of renegotiating the option agreements, Cyprus granted C&C5 a 20 percent working interest in a new mining venture, entirely separate from the prior C&C3 partnership. I recall that this new venture was memorialized in a written agreement, but I do not have copies of same. Cyprus (which became part of Amoco) was the operator of the venture and was vested with full and complete authority to make all decisions relating to the exploration work and any other aspect of the business, including all environmental matters. I exercised no authority or decision making power over any such environmental or hazardous waste issues, to the extent such issues even arose. C&C5's role was simply to fund 20% of the expenditures. I believe under certain circumstances the partnership was entitled to convert this interest to a 2% overriding royalty. As described below, since no mining occurred, this was never done.

As noted, I was the General Partner of C&C5 from its inception in 1974. In 1980 CoCa Mines Inc., a Delaware corporation, was formed to acquire the assets and liabilities of Congdon and Carey, Ltd. No. 4, another separate partnership, which included shares in a Canadian silver mining company and other assets. In 1982 CoCa Mines Inc., a Colorado corporation, merged with the Delaware corporation, sold preferred stock to raise capital and acquired all the assets and properties of C&C5, including its 20% working interest in the Gilt Edge Project. Exhibit B-7 contains the full details on these various transactions. C&C5 then expired by its terms sometime later in 1983, and no longer exists.

My own role in this second exploration, venture and that of C&C5 and later CoCa, was consistent throughout. Cyprus was the operator and manager of the venture and had responsibility for all decisions, including any such decisions involving environmental regulation or waste. I do not remember ever visiting the Site after this second initiative began in 1975. Mr. Mukherjee was the only Congdon and Carey representative ever to visit the Site during this period, for just a brief time. This was at the invitation of the Cyprus geologist, at a time that Mr. Mukherjee was traveling in the area on other business.

Limited information available in the attached documents indicates Cyprus drilled 231 exploratory holes, totaling 62,000 feet which indicated a low grade gold target of 11,000,000 tons grading 0.05 ounces per ton gold that could be mined by open pit methods to a depth of approximately 300 feet. At least $1.9 million was spent by the venture on this work. Metallurgical testing began in 1978 and included off-site heap leach and column tests as well as laboratory investigations.

I have no information regarding the specific techniques and operations conducted by Cyprus during this Phase II exploration phase. However, I have no reason to believe that the sampling techniques, core handling and splitting, water handling practices, or any other aspect of the Cyprus operations differed materially from that conducted by C&C3 in the 1960s. I have no reason to believe that any hazardous waste or waste rock was generated or deposited by these activities, but I had no involvement or control in these matters, nor did C&C5 or Coca. Again, this exploration work was conducted in the same exact area which was subsequently excavated by later open pit, heap leach mining methods.

Exploration work was apparently completed sometime in 1982, and the final feasibility study of the Gilt Edge project was expected in early 1983. At about this time, imposition of a high severance tax on gold and silver by the State of South Dakota and other considerations led Cyprus to offer the project for sale on behalf of the venture. Limited available information suggests Lacana Mining Corporation acquired the project in April of 1983, subject to minimum work expenditures and a royalty to become effective after the underlying claim owners had been bought out. Lacana apparently spent several million dollars in the first eighteen months of its option. The work commitment was suspended effective June 1, 1985. It appears Lacana dropped the project by early 1986. See CoCa Annual Reports, Exhibits B-8, B-9 and B-10, and Exhibit B-11 (various CoCa minutes) for a brief discussion of Lacana's activities.

In 1986, CoCa Mines sold its 20% joint venture interest to Brohm Resources ("Brohm") for $250,000 payable over the remainder of 1986. See Exhibit B-11 (7/15/86 minutes). This sale was made in conjunction with Cyprus' sale of its 80% majority interest in the venture to Brohm at the same time. As was the case with all activities or dealings relating to the Phase II exploration work, Cyprus took the lead in all discussions with Brohm. I recall no contacts with any Brohm officials and have no written materials in my files relating to this transaction.

After 1986, CoCa continued the exploration efforts of some remaining Congdon and Carey partnerships and saw the development of certain mines in other areas. On June 26, 1991 the shareholders of CoCa Mines Inc. approved its merger into Hecla Mining Company, 6500 Mineral Drive, Box C-8000, Coeur d'Alene, Idaho in consideration for Hecla shares of stock, which were then distributed to the CoCa shareholders. I would like to note that no value whatsoever was allocated in this sale to the previous Gilt Edge prospects – as is immediately evident from reading this narrative, I and C&C3, C&C5, and CoCa lost money on both the Phase I and II exploration ventures. For instance, the $250,000 payment received from Brohm and minor prior payments from Lacana were more than offset by the contribution of funds required to satisfy our 20% share of exploration costs. For instance, C&C5's and Coca's share of the $1.9 million spent since 1975 on direct exploration costs by the mining venture would have been $380,000 alone, and there were numerous indirect and other expenses along the way.

In the course of taking over CoCa, Hecla removed all files of every nature, including the then contents of waste baskets. Accordingly, there is very little print information left in my possession. What little there is relevant to the Gilt Edge Mine Site is being forwarded to you.

EXHIBIT B

LIST OF DOCUMENTS PROVIDED

GILT EDGE MINE SITE, LAWRENCE COUNTY, SOUTH DAKOTA

B-1. Articles of Limited Partnership
Congdon and Carey, Ltd. No. 3
January 1, 1967

B-2. Confidential Offering Memorandum, CoCa Mines Inc.
August 1, 1980

B-3. Metals Acquisition Program -- 1982-1984
(a proposed Colorado limited partnership)
December 14,1981

B-4. Letter to Limited Partners of Congdon and Carey, Ltd. No. 5
June 30, 1982

B-5. Letter from Thomas Congdon dated October 18, 1982

B-6. Report on Producing Properties and Development Properties
(undated)

B-7. Proxy Statement – CoCa Mines Inc., St. Mary Parish Land Company, Congdon and Carey, Ltd. No. 5 – Regarding the Agreement and Plan of Reorganization dated December 17, 1982 to be considered January 31, 1983

B-8. CoCa Mines Inc. Annual Report – 1982

B-9. CoCa Mines Inc. Annual Report – 1983

B-10. CoCa Mines Inc. Annual Report-1984

B-11. CoCa Mines Inc. Minutes of Directors Meetings (Relevant Excerpts)
3/16/83
6/7/83
9/20/83
3/12/85
4/18/86
7/15/86

EXHIBIT C

NOTARIZED CERTIFICATE

I, Thomas E. Congdon, having been duly sworn and being of legal age, hereby state:

1. I am the appropriate person to respond to the Environmental Protection Agency's (EPA's) request for information concerning the Gilt Edge Mine Site located in Lawrence County, South Dakota.

2. I have made a complete and thorough review of all available documents and information reasonably accessible to me that are relevant to the request.

3. I hereby certify to the best of my knowledge and belief, in light of the passage of time, my advanced age, and related factors, that the attached response to EPA's request is substantially complete and contains all available information and documents reasonably accessible to me that are responsive to the request.

Thomas E. Congdon
(Signature)

THOMAS E. CONGDON
(Print Name)

(SEAL)

Subscribed and sworn to me
This 16TH day of AUGUST, 2010.

ELAINE V TANIWAKI
Notary Public

My Commission Expires 6-28-2011
My address is 1550-17TH ST. SUITE 500
DENVER CO 80202

E. VICKI TANIWAKI
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 06/28/2011

6107

ARTICLES OF LIMITED PARTNERSHIP

CONGDON AND CAREY, LTD. NO. 3

THIS AGREEMENT, dated the 1st day of January, 1967, by, between and among the parties whose names are set out below,

W I T N E S S E T H :

WHEREAS, THOMAS E. CONGDON AND WILLIAM J. CAREY are individually and in partnership engaged in the business of acquisition and exploration of mining properties; and

WHEREAS, the other parties hereto desire to engage in such business and to combine the funds hereinafter agreed to be contributed so that their respective individual risks will be spread over larger number of prospects;

NOW, THEREFORE, the parties hereto do hereby associate themselves together as partners under the following terms and conditions:

1. The name of the partnership shall be Congdon and Carey, Ltd. No. 3.

2. The business of the partnership shall be to explore for and acquire mineral properties (other than oil and gas and other hydrocarbons and associated substances) and to develop and operate such properties, all within areas within the United States, Canada and Australia.

3. The principal place of business of the partnership shall be in the City and County of Denver, Colorado.

4. The names and places of residence of each member are as follows:

General Partners:

Name	Address
Thomas E. Congdon	520 Patterson Building Denver, Colorado 80202
William J. Carey	4306 B McKinney Avenue Dallas, Texas 75205

Limited Partners:

Thomas E. Congdon	520 Patterson Building Denver, Colorado 80202
William J. Carey	4306 B McKinney Avenue Dallas, Texas 75205

(List of Limited Partners)

5. The term for which the partnership is to exist is until December 31, 1969.

6. The amount of cash contributed by each Limited Partner is as follows:

Name	Amount
Thomas E. Congdon	$ 3,500
William J. Carey	1,500

(List of other Limited Partners and their contributions)

7. The additional contributions agreed to be made by each Limited Partner are as follows:

A. Each Limited Partner shall contribute at the beginning of each three-month period from and after the effective date of this agreement and continuing until eleven (11) such additional contributions have been made an amount equal to the original contribution set out in Paragraph 6 of this agreement.

B. In addition to the contributions hereinabove provided, each Limited Partner agrees, upon request of the General Partners, to contribute during any calendar year of the term of the partnership an amount equal to 150% of the amount agreed to be contributed during such calendar year as provided in Paragraph 6 and Paragraph 7-A hereof. Such additional contribution shall be made within ten (10) days after receipt by each Limited Partner of notice requiring such contribution.

8. The property contributed by the General Partners is described in Exhibit 1. These properties are considered a likely prospect for exploration, but should in the judgment of the General Partners over properties be acquired which seem to have greater merit there shall be no obligation to expend funds on the contributed properties.

9. All losses and expenses shall be borne by the Partners and all profits and gains shall inure to the benefit of the Partners as follows:

A. From time to time as properties are investigated and as prospect areas are developed the General Partners shall designate specified areas as prospect areas. All costs and expenses shall be allocated to particular prospect areas in accordance with sound accounting principles.

B. All losses and expenses attributable to a particular prospect area shall be borne by the Limited Partners and in proportion to their respective contributions to the capital of the partnership;

provided, however, should a Limited Partner die and his personal representatives not elect to continue in full as a Limited Partner under Paragraph 13, the expenses attributable to a particular prospect area in a given year shall be charged to the Limited Partners in proportion to their cash contributions during that fiscal year (such method of charging being hereinafter referred to as the special allocation). In no event shall any Limited Partner ever be liable for or subject to any losses whatever beyond the amount of capital contributed and agreed to be contributed by him to the partnership, nor shall he be personally liable for any debts, engagements or losses of the partnership in any event or to any extent whatever. elsewhere

C. All profits and gains from each prospect area, including gains from the sale or other disposition of mineral properties, shall inure to the Limited Partners in proportion to their respective contributions to the capital of the partnership until out of the gains and profits of the partnership attributable to a particular prospect area there shall have accrued to the benefit of the Limited Partners the total costs and expenses allocated to such prospect area; provided, however, should a Limited Partner have died and his personal representatives not have elected to continue in full as a Limited Partner under Paragraph 13 and therefore the special allocation of expenses provided in Paragraph 9-B above have been made, then all profits and gains shall first be allocated to refund all charges made pursuant to the aforesaid special allocation which were in excess of the amounts that would have been charged under the regular allocation. From and after the time there has accrued to the Limited Partners the total costs and expenses allocated to such prospect area, the gains and profits of the partnership attributable to such prospect area shall inure to the benefit of the General Partners to the extent of 30% and to the benefit of the Limited Partners in proportion to their respective contributions to the capital of the partnership to the extent of 70%.

D. Subject to the foregoing provisions of this Paragraph 9, all assets of the partnership shall, from the inception of the partnership, be owned by the General Partners to the extent of 30% thereof and by the Limited Partners in proportion to their respective contributions to the capital of the partnership to the extent of 70%; provided, however, that if, upon termination of the partnership, there shall remain any cash contributions unexpended, such amounts shall belong to the Limited Partners and be distributed as provided in Paragraph 14.

In computing losses and expenses under B above and profits and gains under C above, cost (not percentage) depletion shall be used; however, the foregoing shall in no way prevent the partnership from electing to employ percentage depletion on its income tax returns.

Expenditure Limit

10. Notwithstanding the foregoing provisions of this agreement, it is agreed that the limited partnership shall not expend more than One Hundred Seventy-five Thousand Dollars ($175,000.00) on any single prospect area.

11. No party hereto may sell, transfer or assign his or her interest in the partnership (except to one or more members of his immediate family) without the written consent of all of the other parties hereto. Any attempted sale or other disposition of the interest of any party herein or hereunder, however accomplished, without the written consent of the other parties hereto first having been obtained, shall be void and of no force and effect and the original owner of the interest attempted to be assigned shall continue to be bound by the terms hereof. Nothing herein contained shall prevent the assignment by the General Partners of a part of their 30% interest to an individual full-time employee of the partnership; provided, however, such employee shall not become a partner by virtue of such assignment. good

12. No additional party to this partnership shall be admitted without the written consent of all parties hereto.

13. The partnership created hereby shall not cease or terminate upon the death of any Limited Partner; provided, however, the legal representatives of such deceased Limited Partner shall not be obligated to make any contributions under Paragraph 7-A falling due after such partner's death and the interest of such deceased Limited Partner shall be reduced in any amount by which the installment contributions waived hereunder bear to the total contributions of such Limited Partner contemplated by Paragraph 6 and Paragraph 7-A hereof and the interests of the other Limited Partners shall accordingly be increased in proportion to their contributions contemplated under Paragraphs 6 and 7-A. The personal representatives of a deceased Limited Partner shall not be obligated to make any contribution pursuant to Paragraph 7-B of which notice was not received prior to the Limited Partner's death, and should such contributions be made by the other Limited Partners the interest of the deceased Limited Partner shall be further proportionately reduced and the remaining Limited Partners' interests be accordingly increased. Anything herein to the contrary notwithstanding, the legal representatives of the deceased Limited Partner may by notice in writing to the General Partners not more than ninety (90) days after the death of such Limited Partner elect to continue in full as a Limited Partner and if such election is made shall be obligated to make the contributions contemplated in Paragraph 7 as fully as was the deceased Limited Partner.

14. The partnership shall terminate at the expiration of its term or upon the death of any General Partner. Upon termination, the assets and property then comprising the partnership assets shall be distributed as follows:

A. If the amounts theretofore distributed to the Limited Partners plus amounts in the hands of the General Partners in cash or liquid securities shall be sufficient to return to the Limited Partners the amount of the total costs and expenses attributable to a particular prospect area, the amounts required to return to such Limited Partners the total of such costs and expenses shall be distributed to such Limited Partners in an amount sufficient to return to each Limited Partner the total costs and expenses of such particular prospect charged to his account. All remaining interests in such prospect areas shall be distributed 30% to the General Partners and 70% to the Limited Partners in proportion to their capital contributions.

B. If, with respect to any particular prospect area, the amounts theretofore distributed to the Limited Partners plus the amounts then on hand in the partnership in cash or liquid securities shall not be sufficient to return to the Limited Partners the total of their costs and expenses with respect to such prospect area, all such amounts on hand shall be distributed to the Limited Partners in proportion to their capital contributions and all interests in such prospect areas shall be distributed to such Limited Partners in such proportions; provided, however, should a Limited Partner have died and his personal representatives not have elected to continue in full as a Limited Partner under Paragraph 13 above, there shall first be distributed the amounts charged under the special allocation provided for in Paragraph 9-B above which were in excess of amounts that would have been charged under the regular allocation, and if the cash and liquid securities are insufficient to distribute such amounts, then the balance of such amounts shall be recouped by the living Limited Partners out of the first gains and profits, including the gain from sale or other disposition. The distribution of interests in such prospect area shall be subject to the right of the General Partners to an undivided 30% interest in such prospect area from and after the time the Limited Partners shall have received from the gains and profits, including the gains from sale or other disposition, the total remaining amount of their costs and expenses attributable to such prospect area.

15. The General Partners, and each of them, shall have full power and authority to manage, control and operate the business of the partnership, including particularly the following rights, powers, privileges and authorities:

A. To expend all or any part of the capital of the partnership in acquiring, by purchase, option, lease, lease with option to purchase, or otherwise, mining claims and mining and mineral leases and properties and interests therein as the General Partners, in their sole discretion, deem advisable and appropriate, including expressly the power to make and enter into contracts, options, leases and other agreements for the exploration and acquisition by purchase or otherwise of such properties and interests whether or not such contracts, options, leases, or other agreements, may extend beyond the time fixed for termination of the partnership.

B. To manage and develop, either personally or under contract with third parties, each and every property, right and interest acquired pursuant to the provisions hereof, including the right and authority to expend all or any part of the capital of the partnership in prospecting and exploring by geophysical methods, drilling, shaft sinking, and any and all other means necessary or appropriate to carry out the terms and provisions of this agreement which would be done by a normal and prudent operator in the management and development of his own properties.

C. To trade and exchange the whole or any part of any or all of the properties acquired by the partnership upon such terms and conditions and for such consideration as the General Partners in their complete and sole discretion may determine.

D. To sell and convey for such consideration and upon such terms and conditions as the General Partners, in their complete and sole discretion, may determine, all or any part of the property and rights acquired by the partnership, and in connection therewith, to execute and deliver such deeds, assignments, conveyances, farmout agreements, joint exploration agreements, and other agreements, containing such warranties as the General Partners may determine.

E. To employ on behalf of the partnership agents, employees, accountants, attorneys, geologists and such other assistants and services, clerical or otherwise, as they may deem proper, and to incur expenses for rent, travel, stationery, telephone, telegraph, insurance, salaries and for such other things (similar or dissimilar) as they may deem necessary or appropriate for carrying on and performing the powers and authorities herein conferred.

F. To make and enter into such agreements and contracts with such parties and to give such receipts, releases and discharges with respect to all of the foregoing and any matters incident thereto as the General Partners may deem advisable or appropriate.

16. The General Partners agree to use and employ the capital of the partnership only in developing, acquiring, exploring and operating mineral rights and properties. During the existence of the partnership the General Partners will use their best efforts to obtain and explore mineral properties of economic potential and will, except as hereinafter stated, until the termination of the partnership, engage in no activities with respect to developing, acquiring and exploring mineral (other than oil and gas and other hydrocarbons and associated substances) properties within the United States, Canada and Australia except for the benefit of the partnership. It is recognized, however, that the General Partners are engaged in activities other than those involving the mining business and neither of them shall be required to relinquish or curb such activities nor shall they be required to devote their entire time and attention to the business of the partnership. Moreover, the General Partners shall be free to manage, handle and control other mineral interests in which St. Mary Parish Land Company, a Delaware corporation, the Congdon Trust or the Trust under the Will of Chester A. Congdon, Deceased, has or acquires an interest in, or presently under the General Partners' control or acquired as a result of a distribution from a partnership of which a General Partner is a partner, a trust of which a General Partner is a beneficiary, or from a corporation of which a General Partner is a shareholder, and to purchase, sell or otherwise handle any mining securities, and the General Partners may acquire in any manner mineral rights or properties for their own account commencing with the first day of the last six months of the term of this partnership, it being recognized by all partners that prospects for the partnership will of necessity have been acquired prior to that date. From and after the termination of the partnership, neither General Partner shall be limited or restricted in any manner in his operations or other activities

✓ Conflict of Interest

as an individual or with others in any phase of the mining business.

Operating fees + expenses

17. The General Partners shall be entitled to receive together the total sum of Ten Thousand Dollars($10,000.00) per year out of the funds of the partnership and such amount shall be treated as expenses of the partnership. The General Partners shall provide the partnership, free of cost, all of their books, records, data, maps and other information. Any mining properties owned by the General Partners, upon which partnership money is expended, shall be transferred to the partnership at cost. The General Partners shall, in addition, make available to the partnership all of their mining equipment and vehicles at a charge equal to operating and maintenance costs and depreciation.

good

18. Title to properties acquired by the partnership may, in the discretion of the General Partners, be taken in the name of the partnership, in the name of one or more of the General Partners, or in the name of any nominee or trustee.

Duties of GP

19. The General Partners shall keep or cause to be kept, in accordance with sound and accepted accounting principles accurate and adequate books of account and records wherein shall be entered and recorded a record of all contributions, all expenses incurred and all transactions of the partnership, and such books of account and records shall be, at all times during reasonable business hours, open to reasonable inspection by any Limited Partner or his duly authorized representative, and the General Partners agree, not less often than once each six months, to give to each Limited Partner a statement setting forth in reasonable detail the expenses, liabilities and obligations incurred and transactions had and entered into during the period covered thereby. At the close of each fiscal year and at the termination of the partnership, the books and records of the partnership shall be audited by a reputable certified public accountant or firm of certified public accountants selected by the General Partners, and a full and complete statement of the results of such audit shall be furnished to each Limited Partner.

20. All funds of the partnership shall be deposited by the General Partners in one or more bank accounts, which account or accounts shall be entitled Congdon and Carey, Ltd. No. 3, and funds therefrom shall be withdrawn or withdrawable only upon the check, draft or other written order, signed by one of the General Partners or by their duly authorized agent or employee, and each such bank shall be relieved of any responsibility to inquire into the authority of the General Partners to deal with such funds and absolved of any liability in respect of any withdrawals from any such account by any person duly authorized by either of the General Partners.

21. If upon termination of the partnership, or thereafter, there shall be owned or reacquired mineral rights, interests or properties, of the nature which participate in operating expenditures, there shall be executed a joint agreement, in form satisfactory to all parties, whose term shall be ten (10) years and which shall provide, among other things:

A. That the General Partners shall have the power as agent for all owners to perform all management functions, except determination of exploration expenditures and any sale or transfer of interests in such properties.

B. Exploration expenditures shall be made only upon agreement of a majority of interest in ownership (exclusive of the General Partners), except that if a party does not wish to participate in a proposed exploration expenditure agreed upon by the majority he shall assign to the other parties one-half (1/2) of his interest in the prospect area so affected. To prevent an overly rapid diminution of a party's interest in a given prospect, requests for exploration expenditures for any given prospect shall not be made more frequently than at twelve-month intervals. If expenditures totaling in excess of Two Hundred Thousand Dollars ($200,000.00) are made pursuant to this paragraph, the General Partners shall contribute 30% of such excess. 25%.

C. The General Partners shall not be entitled to receive any management fee but shall be entitled to reimbursement of all costs and expenses, including overhead costs attributable to operation of the properties. And

D. Any sale or other disposition of the properties or interests shall be determined by a majority in interest in the properties, and all parties will agree that upon such vote of a majority in interest they will abide by the decision of the majority. For purposes of this subparagraph the General Partners shall be treated as owning a 30% interest in such properties whether or not they are then entitled to receive any gains or profits from such properties.

22. All notices required or permitted by the provisions hereof shall be deemed to have been sufficiently given if reduced to writing and mailed by United States mail, postage prepaid, addressed to the addresses set out above in this agreement or to such other or different addresses as the parties hereto may in like manner notify all other parties hereto.

23. This agreement and all rights and liabilities of the parties hereto with reference to this limited partnership shall be governed by the laws of the State of Colorado.

IN WITNESS WHEREOF the parties hereto have executed this agreement in multiple originals, as of the date and year first above written.

Thomas E. Congdon

LIMITED PARTNER

William J. Carey

GENERAL PARTNERS

CONFIDENTIAL OFFERING MEMORANDUM NO. 99

CoCa Mines Inc.

1,089,820 Shares, Common Stock
$.01 par value

$1,195,561 Promissory Notes

CoCa Mines Inc., a Delaware corporation ("CoCa"), is offering to exchange 1,064,270 shares of its common stock, $.01 par value ("Common Stock") and $1,195,561 of its promissory notes ("Notes") for substantially all of the assets and liabilities of Congdon and Carey, Ltd. No. 4, a Colorado limited partnership (the "Partnership"). The Common Stock and Notes of CoCa will be issued to the general partners and the limited partners of the Partnership (the "Partners") in liquidation of the Partnership.

In addition, CoCa is offering an additional 25,550 shares of its Common Stock to certain Partners (or their relatives) in exchange for their shares of Equity Silver Mines Limited owned by them outside of the Partnership.

THESE SECURITIES ARE HIGHLY SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION AND ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, RELATING TO PRIVATE OFFERINGS, IN ACCORDANCE WITH RULE 146 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO SAID ACT.

This Offering Memorandum is dated August 1, 1980.

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THE EXCHANGE FOR COMMON STOCK AND NOTES SHOULD BE CONSIDERED ONLY BY PERSONS WHO HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE TO EVALUATE THE RISKS AND MERITS OF SUCH INVESTMENT. THE COMMON STOCK AND NOTES ARE SUBJECT TO RESTRICTIONS ON THEIR TRANSFER OR RESALE. FURTHER, THERE IS NO PUBLIC MARKET FOR THE COMMON STOCK OR NOTES AND NONE IS LIKELY TO DEVELOP AS A RESULT OF THE TRANSACTIONS DESCRIBED HEREIN.

INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS OFFERING MEMORANDUM OR ANY COMMUNICATION, WHETHER WRITTEN OR ORAL, FROM COCA OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR ~~AGENTS, AS LEGAL, TAX, ACCOUNTING OR OTHER EXPERT ADVISE~~. EACH INVESTOR SHOULD CONSULT HIS OWN LEGAL COUNSEL, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO LEGAL, TAX, ACCOUNTING AND RELATED MATTERS CONCERNING HIS INVESTMENT.

PROSPECTIVE INVESTORS ARE URGED TO REQUEST ANY ADDITIONAL INFORMATION THEY MAY CONSIDER NECESSARY. SEE "SUITABILITY STANDARDS."

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR FURNISH ANY INFORMATION WITH RESPECT TO COCA, THE COMMON STOCK OR THE NOTES OTHER THAN THE REPRESENTATIONS AND INFORMATION SET FORTH IN THIS MEMORANDUM, OR OTHER DOCUMENTS OR OTHER INFORMATION FURNISHED BY COCA UPON REQUEST, AS DESCRIBED HEREIN.

THE COMMON STOCK AND NOTES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE. THE COMMON STOCK MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR ONLY IF IN THE OPINION OF COUNSEL FOR COCA REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO STATE OR FEDERAL REGULATORY AGENCY HAS PASSED ON THE MERITS OF THIS OFFERING NOR IS IT INTENDED THAT THEY WILL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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EXHIBITS:

TERMS OF THE EXCHANGE OFFER

CoCa hereby offers to issue up to an aggregate of 1,064,270 shares of its Common Stock and $1,195,561 of its promissory Notes in exchange for substantially all of the assets and liabilities (the "Assets") of Congdon and Carey, Ltd. No. 4, a Colorado limited partnership (the "Partnership"). The Common Stock and Notes of CoCa will be issued to the Partners in liquidation of the Partnership. There are only 20 shares of Common Stock presently outstanding, and the effect of the acceptance of the Exchange Offer by substantially all of the Partners will be to continue the Partnership in corporate form.

The Assets of the Partnership consist principally of a 40 percent limited partnership interest in Candelaria Partners, a Colorado limited partnership ("Candelaria"), of which Occidental Minerals Corporation is the general partner, and approximately 14 percent of the outstanding common stock of Equity Silver Mines Limited, a British Columbia corporation ("ESML"), of which Placer Development Limited owns 70 percent of the outstanding common stock and all of the outstanding preferred stock. The Partnership will transfer to CoCa one-half of its claim against Occidental Minerals Corporation arising out of certain silver commodities market trading profits (see "Legal Proceedings" at page 34); the remaining one-half of such claim will be held by Messrs. Congdon and Carey as agent for the Partners.

In addition, CoCa is offering an additional 25,550 shares of its Common Stock to certain Partners (or their relatives) in exchange for 60,000 shares of ESML held by them outside of the Partnership.

This offer is being made to all Partners in the Partnership and is not conditioned upon any minimum number of interests being obtained. However, Partners who accept this offer must tender all of their Partnership interests in exchange for the Common Stock and Notes offered herein to them. Messrs. Congdon and Carey will exchange their Partnership interests for the Common Stock and the Notes offered herein.

The number of shares of Common Stock and amount of Notes which each offeree shall be entitled to receive is set forth on Exhibit A attached hereto.

Acceptance of the Offer

In order to accept this Exchange Offer, each offeree should complete and execute the Letter of Acceptance and Consent which is separately enclosed with this Offering Memorandum in accordance with the instructions contained therein, and deliver the same to CoCa at its principal executive office no later than September 30, 1980.

Determination of Exchange Value

In determining the number of shares of CoCa's Common Stock to be issued, relative values were assigned to the Assets of the Partnership and to ESML shares owned outside of the Partnership taking into account the following factors:

Economic projections for CoCa's mining projects are based on feasibility study data provided by Placer Development Limited and Occidental Minerals Corporation, the operators of the ESML and Candelaria projects, respectively. The data includes information on ore reserves, grade of ore to be processed, expected metallurgical recoveries and production data, together with capital and operating costs.

For both projects the capital cost estimates originally made in 1979 have been updated as of June 1980 to reflect the actual costs incurred to date and the operators' best estimates of the presently calculated cost to complete the projects and achieve commercial production.

The following metal price assumptions were used in the economic projections:

Gold	$600.00 and $450.00 per ounce
Silver	$ 16.00 and $ 12.00 per ounce
Copper	$ 0.90 and $ 0.90 per pound
Antimony	$ 1.00 and $ 1.00 per pound

In all cases, operating costs were estimated as of the expected startup dates and held constant without escalation in future years. Similarly, the metal prices were not escalated in future years.

CoCa's prospective share of after-tax cash flow was determined for each of the two projects over the periods for which ore reserves have been scheduled, i.e. 19 years for ESML properties and 7 years for Candelaria. No credit or adjustment was made for unscheduled ore reserves or any possible addition to reserves. The cash flows were calculated on the basis of the applicable agreements respecting payout of senior financing and/or capital contributions.

The resulting cash flows, including an evaluation of the claim against Occidental Minerals Corporation arising out of profits from forward sales in the commodities market (see "Legal Proceedings" at page 34), were then discounted using a 15 percent discount factor to determine a present value of the future cash flows for the two projects. The relative values of the two projects are the same at both levels of precious metals prices.

Based upon the foregoing factors, the Partnership's interest in Candelaria was accorded a relative value 117 percent of the relative value of its interest in ESML, and the amounts of CoCa Common Stock and Notes set forth on Exhibit A for distribution to the offerees are in turn based upon such relative values.

Effect of Exchange Offer on Non-Exchanging Partners

Partners who do not exchange their Partnership interests will receive, in liquidation of the Partnership, their pro rata interest in the assets of the Partnership in kind, and such assets will be subject to their pro rata share of the Partnership's liabilities. Thus, each non-exchanging Partner will be entitled to receive his pro rata portion of the number of shares of ESML held by the Partnership and his pro rata interest in the Partnership's limited partnership interest in Candelaria Partners, the latter being held by CoCa as the agent for non-exchanging Partners. In addition, each non-exchanging Partner shall be entitled to his pro rata share of the Partnership's claim against Occidental Minerals Corporation as hereinafter described and will be liable for his pro rata share of all expenses incurred in connection therewith. Such proportionate share of such claim will also be held by CoCa as the agent for non-exchanging Partners until the ultimate outcome has been determined.

Promissory Notes

Article 9 of the Limited Partnership Agreement provides that the Limited Partners are entitled, on a prospect-by-prospect basis, to recover their capital contributions before the General Partners are entitled to a share of profits. The Partners have made substantial contributions for exploration of the Candelaria prospect and the prospects now held by ESML with respect to which approximately $1,195,561 remains unreimbursed. With respect to Partners accepting the Exchange Offer herein, these undischarged payout rights will be evidenced by promissory notes of CoCa.

The payout rights of non-exchanging Partners will continue to be satisfied in accordance with the provisions of the Partnership Limited Partnership Agreement. Thus, with respect to unreimbursed capital contributions made by non-exchanging Partners for the assets now held by ESML, each non-exchanging Partner will receive shares of ESML having an aggregate quoted market value on September 30, 1980 equal to such amounts (in addition to a percentage of the Partnership's remaining ESML shares equal to their percentage interest in the Partnership). With respect to the amounts of unreimbursed capital contributions made by non-exchanging Partners for the Candelaria property, CoCa in connection with its holding of the Partnership's entire Candelaria interest will distribute such amounts to the non-exchanging Partners out of the first revenues received by CoCa from Candelaria.

The aggregate principal amount of the Notes to be received by each Limited Partner is set forth opposite his name on Exhibit A attached hereto. The Notes will be payable out of one-half of CoCa's cash flow in excess of $1 million annually. The Notes will not bear interest. The Notes are due on or before September 30, 1985 to the extent not previously repaid from CoCa cash flow.

REASONS FOR AND CERTAIN EFFECTS OF THE EXCHANGE OFFER

The exchange of the assets and liabilities of the Partnership for the Common Stock and Notes of CoCa converts the operations of the Partnership into a corporate form with perpetual existence. CoCa will thereby be able to manage the properties of the Partnership over a longer term and employ significant cash flow therefrom in the continued acquisition and development of new mineral interests. (See "Description and Contrast of Rights, Powers and Liabilities Under Corporate and Partnership Forms" at page 50.)

The exchange of the assets and liabilities of the Partnership for the Common Stock and Notes of CoCa will significantly reduce the United States and Canadian income tax burdens on the profits of the Partnership. In this respect, it should be noted that:

1. Under the Income Tax Act of Canada, the shares of ESML held by the Partnership constitute "taxable Canadian property." Accordingly, a distribution of those shares by the Partnership to its Partners will be subject to Canadian income taxes based upon the fair market value of those shares. However, under the Canada-United States Income Tax Treaty, no such tax is payable with respect to the Partnership's transfer of ESML shares to CoCa in exchange for CoCa Common Stock and Notes issued to the Partners. Non-exchanging Partners will therefore be subject to Canadian income taxes with respect to their share of the Partnership ESML shares.

2. Under the United States Internal Revenue Code, the Partnership and other persons accepting this Exchange Offer will realize no taxable income with respect to the exchange of Partnership assets and liabilities and ESML shares owned by those other persons for CoCa Common Stock. Taxable gain will be realized with respect to the receipt of the CoCa Notes in satisfaction of the Limited Partners' payout rights (see "Tax Consequences of the Exchange Offer" at page 46).

3. The United States Internal Revenue Code permits a United States corporation owning ten percent or more

of the outstanding voting shares of a foreign corporation to claim a credit against United States income taxes otherwise due on dividends from the foreign corporation equal to the amount of the foreign corporate tax paid by the foreign corporation on the earnings and profits from which the dividends are paid. It is estimated that the credit to be gained by CoCa from the taxes paid by ESML and through the payment of the ten percent Canadian dividend withholding tax will be greater than the United States corporate income tax otherwise payable by CoCa on the ESML dividends. Accordingly, CoCa will be entitled to receive and reinvest ESML dividends without United States income taxes, whereas such taxes will be payable at full rates by non-exchanging Partners with respect to dividends on their share of ESML stock now held by the Partnership.

Transferability of the limited partnership interests in the Partnership is presently highly limited. Although no market presently exists for the Common Stock of CoCa, one may develop in the future as a result of future financing and even without a public market, private transfers of corporate shares is somewhat less restricted than the transfer of limited partnership interests.

While such a transaction is not now contemplated, CoCa may at some time in the future determine to make a tax-free exchange of its shares or assets for the stock of a larger corporation. Such a transaction would not be available to the Partnership on a tax-free basis.

COCA MINES INC.

General

CoCa was incorporated in Delaware on June 27, 1980, for the purpose of making this Exchange Offer. Upon consummation of the Exchange Offer, CoCa will become the limited partner in Candelaria and will own approximately 15 percent of the outstanding common stock of ESML. Thereafter, CoCa may invest in precious metal and other mineral assets including fee mineral rights, mining claims, leaseholds, options to purchase, royalties, patents, marketable and non-marketable securities of mineral-related corporations, and engage in the business of acquiring, exploring for, developing and operating mineral properties, and refining, smelting and marketing the products produced therefrom.

It is anticipated that CoCa will have substantial cash flow from its interests in Candelaria and ESML. This cash flow will be utilized principally to acquire and develop other mineral properties, most likely those involving precious metals. It is believed that CoCa's management and consultants will be uniquely qualified and experienced in these endeavors. Accordingly, it is the objective of CoCa and of the Exchange Offer to establish an on-going, successful and substantial mining company with principal emphasis on precious metals.

CoCa has not conducted any business as of the date hereof, owns no properties or other assets other than $1,000 received in subscription for issuance of its initial 20 shares, and will commence operations only upon consummation of the Exchange Offer.

Upon consummation of the Exchange Offer, the assets and liabilities of the Partnership will be transferred to CoCa and the Partnership will be dissolved. The shares of Common Stock and Notes of CoCa will then be distributed to the Partners in liquidation of the Partnership.

To the extent that any Partner does not elect to exchange his Partnership interest, he will be entitled to his pro rata share of Partnership assets, subject to his share of Partnership liabilities (see "Terms of the Exchange Offer - Effect of Exchange Offer on Non-Exchanging Partners" at page 4) upon liquidation of the Partnership.

Messrs. Thomas E. Congdon and William J. Carey are presently the General Partners in the Partnership and will, following their acceptance of the Exchange Offer, be the principal shareholders of CoCa.

CoCa's principal offices are located at 1776 Lincoln Street, Suite 1100, Denver, Colorado 80203, and its telephone number is (303) 861-5400.

Management

The executive officers and directors of CoCa are as set forth in the table below. The executive officers of CoCa will devote such time and effort to CoCa as may be required in order to properly conduct and administer its business and affairs.

Name	Position
Thomas E. Congdon	Chairman of the Board of Directors
William J. Carey	Vice Chairman of the Board of Directors
Hugh J. Matheson (1)	President and Chief Executive Officer; Director
Dolf W. Fieldman	Director
Roger C. Cohen	Director
J. Christopher Mitchell	Vice President; Secretary
Jerry E. Julian	Treasurer
Alice M. Hibbs	Assistant Secretary

(1) Mr. Matheson will assume the position of President and Chief Executive Officer of CoCa on August 15, 1980. Until such date, Mr. Congdon is serving in such capacity.

It is the intention of CoCa to have a Board of Directors consisting of seven members. Accordingly, upon consummation of the Exchange Offer, two additional Directors will be elected.

Thomas E. Congdon (age ~~53~~ 54) is a graduate of Yale University and the Graduate School of Business Administration of Harvard University. Following graduation, he was employed by a division of AMAX Inc., a major mining company which at the time was primarily a producer of molybdenum. In 1961, Mr. Congdon and Mr. Carey, working with Mr. Dolf W. Fieldman, founded the first of a series of Congdon and Carey limited partnerships engaged in non-hydrocarbon minerals exploration. Mr. Congdon is the President and Chief Executive Officer, as well as a Director, of St. Mary Parish Land Company, a closely-held corporation engaged in oil and gas exploration and production and real estate development and ownership. Mr. Congdon is a Director of Equity Silver Mines Limited ~~ESML~~ and Adanac Mining and Exploration Ltd., both publicly traded Canadian mining companies, as well as a Director or General Partner of a number of corporations and partnerships largely controlled by his family which own iron ore and other mineral and agricultural interests in the United States. Mr. Congdon is a Director of Colorado National Bankshares Inc., a bank holding company.

William J. Carey (age 55 ~~54~~) is a graduate of the University of Notre Dame, Columbia University Law School, and the Graduate School of Business Administration of Harvard University. He was employed by Delhi Corporation, an oil and gas exploration and production company, from 1950-1954. From 1954 through 1960, Mr. Carey was an independent oil operator and thereafter has engaged in personal investments. In 1961, Messrs. Congdon and Carey founded the first of a series of Congdon and Carey partnerships. Mr. Carey is the principal shareholder and Chairman of the Board of Empire Corporation, a fabricator of aluminum and textile goods. He is an independent oil and gas operator and holds investments in cattle, real estate and finance. Mr. Carey is also a director of ESML.

Hugh J. Matheson (age 52) earned the degree of Engineer of Mines from Colorado School of Mines. For six years on a seasonal basis Mr. Matheson was the owner-manager of a gold placer operation 220 miles north of Fairbanks, Alaska and also worked as a civil engineer and instructor at the School of Mines of the University of Alaska during the winter months. He then served as general superintendent of two strip coal mining operations in Alaska and was General Manager of Evan Jones Coal Company of Anchorage when it was acquired by Placer Development Limited in 1963. He later became General Manager of the Endako molybdenum mine in British Columbia where he was responsible for all operations, including engineering, open pit production, concentrator operations, accounting and future planning of this 10,000 tons per day operation which he and his staff expanded to 26,000 tons per day. From 1969 to 1977, Mr. Matheson was Vice President-Exploration and a Director of Placer Amex, Inc., the U.S. subsidiary of Placer Development Limited which conducts mineral exploration and manages mining properties in the United States for its parent. From 1977 until his employment with CoCa, Mr. Matheson served as Manager of Exploration for Placer Development Limited in Vancouver, responsible for worldwide exploration activities. Mr. Matheson bore primary responsibility for the acquisition of exploration projects and ore reserves developed by others which have served as the foundations for several new operations of Placer Development and its affiliates over the past four years. Until his resignation from Placer Development Limited, he was a Director of Placer Amex, Inc., Minera Real de Angeles of Mexico and ESML.

Dolf W. Fieldman (age 55) is a graduate of the University of Montana receiving an A.B. Degree in Geology. He worked for the Anaconda Company, the U.S. Bureau of Mines and Geological Survey, American Zinc Lead & Smelting Company and the Eagle Picher Company before joining Messrs. Congdon and Carey. Mr. Fieldman is the geologist primarily responsible for the identification of the exploration potential of the Candelaria project of Candelaria Partners and the Sam Goosly project of ESML. In addition to guiding the initial Congdon and Carey exploration program at Candelaria, Mr. Fieldman has conducted similar successful precious metals exploration programs in Colorado, Montana and South Dakota on behalf of other Congdon and Carey exploration partnerships. He also led a "grass roots" exploration effort that has discovered a large, but as yet not fully defined, niobium deposit in Colorado.

Roger C. Cohen (age 46) graduated from Harvard College and received his law degree from Harvard University School of Law in 1959. Mr. Cohen is the senior partner of the Denver, Colorado law firm of Cohen, Brame, Smith & Krendl, Professional Corporation. He has been engaged in the practice of law since 1960, specializing primarily in corporate and commercial transactions. Cohen, Brame, Smith & Krendl acts as counsel for Congdon and Carey, Ltd. No. 4 and will act as counsel for CoCa.

J. Christopher Mitchell (age 39) earned from the University of British Columbia a B.Sc. in chemistry, and

Masters Degrees in metallurgy and business administration. Mr. Mitchell was employed by the Broken Hill Associated Smelters in Australia before returning to Canada and the employ of Bralorne Resources Limited. He joined the staff of Equity Mining Corporation, one of the predecessors of ESML, during the early exploration stage of the Sam Goosly project. Since 1978 he has been employed by St. Mary Parish Land Company and Congdon and Carey.

Jerry E. Julian (age 43) graduated from the University of Evansville in Indiana with a B.S. Degree in Accounting. He was an audit manager and Certified Public Accountant with Coopers & Lybrand, public accountants, before joining St. Mary Parish Land Company in 1975 as Treasurer; he presently holds the position of Vice President-Finance.

Alice M. Hibbs (age 51) is secretary to Thomas E. Congdon and holds the position of Administrative Assistant and Assistant Secretary of St. Mary Parish Land Company.

Remuneration

In view of the fact that CoCa was only recently formed, no remuneration has been paid by CoCa. The Board of Directors plans to pay to the following persons the following annual salaries commencing September 1, 1980, and will determine at least annually the base salaries, merit raises, cost-of-living salary changes and bonuses to be paid all employees.

Name	Position	Salary
Thomas E. Congdon	Chairman of the Board of Directors	$60,000
William J. Carey	Vice Chairman of the Board of Directors	$50,000
Hugh J. Matheson	President	$70,000
J. Christopher Mitchell	Vice President, Secretary	$45,000

It is anticipated that Messrs. Congdon and Carey will devote substantial but not full time on a regular basis to the affairs of CoCa and that Messrs. Matheson and Mitchell will be full-time employees.

Each director will receive a directors fee of $3,500 per year and an additional attendance fee of $500 per meeting.

Employment Agreement

Hugh J. Matheson, President and Chief Executive Officer, is employed by CoCa pursuant to an Employment Agreement entered into June 13, 1980, for a term commencing August 1, 1980 and terminating August 1, 1984, unless extended by mutual agreement of Mr. Matheson and CoCa, providing for an annual salary of $70,000 with annual adjustments commencing September 1, 1981. Mr. Matheson is to participate in an incentive compensation plan to be determined by him and CoCa and intended to compensate him and selected other employees for specific and general contributions to significant acquisition and development activities of CoCa as well as for superior returns on new investments. This plan is not intended to compensate Mr. Matheson or others for events over which they have no influence, including returns from investments already in existence. Mr. Matheson will be in the exclusive employ of CoCa during the term of the Agreement and will devote substantially full time to his duties as the President and Chief Executive Officer of CoCa.

Congdon and Carey

Messrs. Congdon and Carey will continue to be the sole partners of a general partnership of that name ("Congdon and Carey"), and Mr. Fieldman will act as a full-time consultant to that partnership. The business of that partnership will also be minerals exploration but limited to prospects formulated by Mr. Fieldman, or by his successor upon his retirement.

Beginning at such time as CoCa first has cash flow from its assets (expected to be approximately the first calendar quarter of 1981), and in consideration for the option hereinafter described, CoCa will pay to Congdon and Carey the expenses incurred by Congdon and Carey in employing Mr. Fieldman, including his consulting fees and related overhead. These expenses are estimated at approximately $60,000 for the initial 12-month period.

Additionally, beginning at such time, CoCa will have the option of paying one-half of all exploration expenditures incurred in connection with mineral prospects thereafter formulated by Mr. Fieldman, provided that Congdon and Carey also pays one-half of such exploration expenditures. So long as CoCa and Congdon and Carey each contribute one-half of such exploration expenditures, each will be entitled to a one-half working interest in such prospects, subject to a carried working interest after payout to be held by Mr. Fieldman and to be borne equally by CoCa and Congdon and Carey. Should at any time either CoCa or Congdon and Carey wish to elect to cease paying its share of such exploration expenditures for any prospect, the other may elect to pay such additional share of such expenditures, in which case the nonpaying entity's working interest in such prospect shall be reduced by the proportion the unpaid expenditures bear to the sum of the paid expenditures of both entities.

If CoCa has paid its one-half share of exploration expenditures incurred for a prospect formulated by Mr. Fieldman, it will have a first right to purchase the one-half working interest of Congdon and Carey and Mr. Fieldman's carried interest in such prospect upon the same terms and conditions as proposed to be offered by Congdon and Carey and Mr. Fieldman to a third party at such time as Congdon and Carey proposes to dispose of its interest in such prospect.

In order to enhance the independence of CoCa's judgments in determining whether or not to contribute one-half of exploration costs with respect to a prospect formulated by Mr. Fieldman or to exercise its first right to purchase Congdon and Carey's and Mr. Fieldman's share of such prospect, a majority of the members of the Board of Directors of CoCa will be persons other than Messrs. Congdon, Carey and Fieldman.

Stock Purchase Agreement

Messrs. Congdon and Carey, on July 1, 1980, granted to Mr. Fieldman an option to sell to them before December 31, 1980 sufficient of his CoCa shares of Common Stock to provide him as much as $250,000 cash in consideration therefor. The price at which Messrs. Congdon and Carey have agreed to make this purchase will be determined by the same formulae used in the determination of relative values for the Exchange Offer herein and by the use of metals prices at the time of Mr. Fieldman's exercise of his option which are the lesser of the metals prices at the close of the week preceding the exercise of his option or the average of the daily metals prices for the period beginning July 1, 1980 and ending with the date of his exercise of his option.

Principal Shareholders

The following table sets forth certain information regarding the Common Stock ownership of CoCa:

Name	Present Number of Shares	Percentage of Class Before Exchange Offer	Number of Shares to be Received in Exchange Offer	Percentage of Class After Exchange Offer
William J. Carey	10	50%	239,654	22%
Thomas E. Congdon	10	50%	341,645(1)	31%(1)

(1) Includes 154,234 shares of Common Stock to be received by a trust for the benefit of the wife and children of Mr. Congdon in exchange for the Partnership interests presently held by them and 8,517 shares of Common Stock to be received by the wife of Mr. Congdon in exchange for shares of ESML presently owned by her outside of the Partnership.

No other person will own five percent or more of the outstanding Common Stock of CoCa following the Exchange Offer.

Transactions with Management

CoCa has agreed to make a non-interest bearing loan to Hugh J. Matheson, its President and Chief Executive Officer, in the amount of $50,000 repayable at the rate of $400 per month commencing September, 1980 to help offset his relocation costs. In addition, CoCa has agreed to guarantee a 30-day bridge bank loan to Mr. Matheson in the amount of $150,000 in connection with the sale of his present residence in Vancouver, British Columbia, and his purchase of a new residence in Denver, Colorado.

Certain officers and employees of CoCa may render management services to other affiliated partnerships and corporations (see "Conflicts of Interest" at page 41). In such event, CoCa will be paid an amount equal to 170 percent of the base salary of such person proportionate to the time actually spent. Conversely, certain personnel of other affiliated partnerships and corporations may render management services to CoCa, and CoCa will pay such other partnerships or corporations an amount equal to 170 percent of such person's base salary proportionate to the time actually spent. For example, Jerry E. Julian, Treasurer of CoCa, is a Vice President of St. Mary Parish Land Company, an affiliated company. CoCa has agreed to pay St. Mary Parish Land Company for the services of Mr. Julian based upon the foregoing formula. No other charge for overhead will be made with respect to the use of such personnel.

Properties

Upon consummation of the Exchange Offer, the common stock of ESML held by the Partnership and the Partnership's limited partnership interest in Candelaria Partners attributable to Partners accepting the Offer will be transferred to CoCa.

Equity Silver Mines Limited

Equity Silver Mines Limited ("ESML") is a British Columbia corporation which owns the Sam Goosly silver-copper-gold mine near Houston, British Columbia. The outstanding capitalization of ESML is 8,266,000 common shares of which Placer Development Limited ("Placer"), also a British Columbia corporation, owns 70 percent, and 811,980 preferred shares. The Partnership holds 1,161,000 common shares representing approximately 14 percent. Of these shares, J. Christopher Mitchell holds an option to purchase 5,000 shares from the Partnership at a price of $2.00 (Canadian) per share. It is anticipated that upon consummation of the Exchange Offer, CoCa will have acquired an additional 60,000 shares representing 0.7 percent owned by certain of the Partners outside of the Partnership. Therefore, it is anticipated that CoCa will own approximately 15 percent of the outstanding common shares of ESML. ESML shares are traded on the Vancouver Stock Exchange and on July 25, 1980 closed at a price of $32 (Canadian) per share. The high price of ESML stock on the Exchange since January 1, 1980 has been $44.50 (Canadian) and the low price has been $25.00 (Canadian).

ESML is a successor to several other entities. In 1973 Equity Mining Capital Limited and Thomas E. Congdon, acting on behalf of the Partnership, entered into an agreement with Kennco Explorations, (Western) Limited ("Kennco") for the acquisition of a 70 percent interest in the Sam Goosly mining claims. The claims were in turn transferred to a partnership ("Goosly Partners") in which Equity Mining Capital Limited and the Partnership each held a 50 percent interest. Subsequently, Goosly Partners was incorporated as S. G. Mining, Inc., and S. G. Mining, Inc. in 1976 became Equity Mining Corporation ("Equity Mining"), and the Partnership continued as a 50 percent owner. In 1976 Kennco exchanged its 30 percent ownership interest in the Sam Goosly claims for a 30 percent net proceeds royalty interest in the project, giving Equity Mining full ownership and control of the claims.

From 1968, the date of Kennco's discovery, through 1972, Kennco spent $1.1 million (Canadian) on exploration of the claims. From 1973 through 1978, Equity Mining and its predecessors expended approximately $5,908,000 (Canadian) in direct and indirect costs of exploring and developing the project. During this period Equity Mining negotiated with a number of major companies for their participation in placing the properties into production.

On December 20, 1978, Equity Mining entered into an agreement with Placer for the organization of ESML and its acquisition of the Sam Goosly assets. Placer subsequently acquired from Kennco at a cost of $5.1 million (Canadian) all of Kennco's interest in the Sam Goosely project, which interest Placer then transferred to ESML. The merger of Equity Mining and ESML was completed on February 12, 1979 and the Partnership acquired 1,217,900 shares, or 14.7 percent, of the stock of ESML.

In late 1975 and early 1976, the Partnership entered into stock option agreements with certain employees of Equity Mining to sell an aggregate of 89,000 shares of Equity Mining (equivalent to 44,500 shares of ESML). Agreements involving a total of 12,000 shares expired by the end of 1978, leaving outstanding option agreements to sell 77,000 shares (equivalent to 38,500 shares of ESML).

During 1979, the Partnership purchased 12,500 shares of ESML from Boliden Aktiebolag for $5.00 per share or $62,500 (Canadian), and from time to time in 1980 sold an aggregate of 35,900 shares of ESML on the Vancouver Stock Exchange for $1,472,000 (Canadian) or an average price of $41 per share. Through June 30, 1980, former employees of Equity Mining have exercised options to purchase an aggregate of 33,500 shares, reducing the balance to 5,000 shares of ESML subject to options.

The Sam Goosly project is located in the central interior of British Columbia near the town of Houston. Access to the property from Houston is by a 23-mile all weather road built by ESML. Houston is connected to the rest of British Columbia by the provincial highway system and by the

Canadian National Railway. Daily air service is available from the town of Smithers, 50 miles northwest of Houston. The project consists of 340 claims of which ESML owns 100 percent in 320 and a one-third interest in 20. The claims cover an area of approximately 17,000 acres. Under British Columbia law, the claims may be held for an indefinite number of years upon the payment of an annual fee of $10 per claim and the completion of annual assessment work of no less than $200 per claim. Assessment work in excess of that minimum may be carried forward to future years.

In order to extract minerals from a claim, the owner must obtain a mining lease from the British Columbia government. Mining leases are issued for a maximum of 21 years and can be renewed. A mining lease may not cover more than 40 adjoining claims. ESML holds two mining leases covering the two principal ore bodies being developed, together with the site for the concentrator facilities and the related disposal areas.

A total of 109,241 feet of diamond drilling has been completed on the project and a 581 foot adit has been completed to obtain underground ore samples. Additional ore samples used for pilot plant flotation test work have been obtained from other trenches and pits. Laboratory and pilot plant testing work has been done by Hazen Research Inc. in Golden, Colorado, and by Placer in Vancouver.

Placer has scheduled 19 years of production at Sam Goosly and estimates production from the initial two orebodies as follows:

	Tons	Ounces/Ton Gold	Silver	Percent Copper	Antimony	Strip Ratio
Southern Tail orebody	7,509,000	0.04	3.82	0.48	0.12	2.10:1
Main Zone orebody	23,323,000	0.024	2.87	0.35	0.07	2.25:1

The scheduled ore production shown above does not exhaust the known ore reserves in the two orebodies. Equity Mining's engineers had estimated the geologic ore reserves for the two orebodies as:

Tons	Ounces/Ton Gold	Silver	Percent Copper	Antimony	Strip Ratio
43,203,000	0.026	2.83	0.33	0.09	2.20:1

In addition, the potential exists for developing more ore down dip, along strike and in other potential deposits on the property.

Ore will be removed from open pits and delivered by truck to a primary crusher and from there by conveyor to a secondary crushing plant for reduction to particles of less than two centimeters. Crushed ore will in turn pass through two grinding sections after which it will be pumped to a flotation section. The flotation concentrate will then be filtered and transferred to a leaching plant where antimony and arsenic will be removed. The remaining concentrate will be shipped to Japan for smelting and refining of its silver, copper and gold content. Contracts have been entered into with a Japanese smelter setting forth treatment charges, penalties and payment terms for the first three and one-half years of production. The smelter will pay for the silver, gold and copper contents based on average prices quoted on international metal markets. ESML is also investigating sales possibilities for arsenic and antimony compounds.

A total of 1,634,000 metric tons of ore is scheduled to be processed annually in the foregoing manner. Total capital costs are now estimated at $107 million (Canadian). Operations at the concentrator are now estimated to commence in August of this year.

The ESML preferred stock is being purchased by Placer for the purpose of funding the construction capital costs and to provide initial working capital. It is anticipated that at the time commercial production is attained in 1981, one million preferred shares will have been issued at an average price of $125 (Canadian) per share. The dividend rate on the preferred floats at one percent above one-half of the prime rate of the Canadian Imperial Bank of Commerce in Vancouver and is payable before dividends on ESML common stock. It is anticipated that in early 1981, ESML will arrange bank borrowings and redeem the preferred stock. Initial cash flow from the project will then be used to retire bank debt.

Construction of the mine and concentrator facilities is to be completed in late summer of 1980. Construction of the leach plant is not expected to be completed until the first quarter of 1981. Placer has made arrangements for the sale of approximately 50 percent of the unleached concentrate expected to be produced before the leach plant is completed.

To the extent that additional spot sales cannot be arranged, the unsold material will be stockpiled and processed in the leach plant after its completion.

The Board of Directors of ESML consists of seven persons, including Messrs. Congdon and Carey and Winslow W. Bennett, who was previously the President of Equity Mining Corporation. The President and Chief Executive Officer of ESML is Ross G. Duthie, President and Chief Executive Officer of Placer.

Candelaria Partners

Candelaria Partners is a Colorado limited partnership of which Occidental Minerals Corporation, a wholly-owned subsidiary of Occidental Petroleum Corporation, is the general partner and the Partnership is the limited partner. Candelaria Partners was formed in 1976 to develop the Candelaria gold and silver property in Mineral County, Nevada. The Partnership contributed its rights in the properties. Under the partnership agreement, Occidental Minerals Corporation ("Occidental") was obligated to expend a minimum of $1.25 million in testing and developing the properties during the initial five years. At the end of that time in order to continue the partnership, Occidental was to deliver a feasibility study, together with a commitment to place the property into production and to provide the funds therefor. In late 1979, Occidental delivered such study and made such production commitment.

The partnership agreement also provides that Occidental may, after making the production commitment described above, delay commercial production from the property by making quarterly capital contributions to Candelaria Partners which are in turn to be distributed to the Partnership. Occidental is nonetheless proceeding with construction, and has expended in excess of $14.8 million through May 31, 1980, on exploration, development and construction of processing facilities.

Once the property has been placed into commercial production, 92 percent of profits is allocated to Occidental until it has recovered from the cash flow attributable to 32 percent of profits an amount equal to 40 percent of the capital contributed by it to place the property into production, interest on its capital contribution, plus income taxes on such portion of cash flow. The remaining eight percent of profits during such period is allocated to the Partnership. After payout, all profits are allocated 60 percent to Occidental and 40 percent to the Partnership.

Under the partnership agreement, Occidental has exclusive control over the business of Candelaria Partners, subject to its fiduciary obligations as a general partner. Upon any termination of Candelaria Partners prior to the commencement of commercial production, 60 percent of assets are to be distributed to the Partnership and 40 percent to Occidental and after the commencement of commercial production, 40 percent to the Partnership and 60 percent to Occidental.

The Partnership may assign its interest in Candelaria Partners to CoCa without the consent of Occidental and CoCa will become a limited partner of Candelaria Partners in lieu of the Partnership.

For information concerning the Partnership's claim against Occidental, see "Legal Proceedings" at page 34.

The Candelaria property is located 35 miles southeast of Hawthorne, Nevada. The minerals are held pursuant to a number of leases and mining claim locations covering an aggregate of 47 patented claims and 218 unpatented claims. In order to retain the claims, Candelaria Partners must pay annual property taxes and complete annual assessment work of no less than $100 per claim. Assessment work in excess of that minimum may be carried forward to future years. The leases cover an aggregate of approximately 4,800 acres.

Silver mineralization in the Candelaria area has been known for more than one hundred years and the area was a major silver camp in the 1870's and 1880's. Production at that time was from high grade veins using underground mining methods. Technology was not, however, sufficient to permit the extraction of silver from the extensive lower grade areas.

In the late 1960's, interest was rekindled in the Candelaria area. During 1970 through 1972, the Partnership entered into agreements with landowners to obtain the claims now held by Candelaria Partners. Between 1968 and 1970, drilling and sampling was conducted on the Candelaria properties by other parties and this activity was continued by the Partnership through 1975. Metallurgical testing was conducted by the United States Bureau of Mines in Reno, Nevada, and by Hazen Research in Golden, Colorado. By the end of 1975, the Partnership and previous parties had drilled 123 holes with a total footage in excess of 24,000 feet, and had carried out extensive underground sampling of the old mine workings.

Following the formation of Candelaria Partners, Occidental drilled an additional 205 holes in the two ore deposits. Based upon such testing, Occidental and its engineers, Pincock, Allen & Holt, Inc., have estimated reserves as follows:

		Ounces/Ton		
Deposit	Tons	Silver	Gold	Strip Ratio
Lucky Hill	3,969,070	2.64	.0083	1.36:1
Mt. Diablo	8,363,230	3.23	.0060	3.41:1

A geological consultant to Occidental has estimated that a third mineral deposit may contain approximately six million tons of ore with a metals content comparable to the above.

Candelaria Partners intends to use open-pit mining for the operation of the property. Extraction is estimated at 8,000 tons of ore and 22,000 tons of waste material per day. The crude ore will be crushed and heap-leached on pads using cyanide solution to extract silver and gold from the ore. Based upon the results of tests to date, Occidental estimates ultimate extraction of 42 percent of silver and 60 percent of gold.

Total capital costs of the project are estimated at $34.5 million, including $3.2 million on exploration, evaluation and property acquisition. These costs are funded by capital contributions of Occidental to the partnership, approximately $31.4 million of which are interest bearing.

While mine life based upon the foregoing estimates is seven years, that life may be extended by production from the third deposit and the lateral and downward extensions of the Lucky Hill and Mt. Diablo deposits.

The validity of the title to a mining claim depends upon the availability of the land for location (staking) at the time the location is made, the validity of the mineral discovery within the boundaries of each claim, compliance with federal and state laws and regulations relating to location procedures and maintenance of title, the bona fides of the original locators and the performance of annual assessment work on the property. Inasmuch as title to a mining claim can only be perfected through issuance of a patent from the United States Government, which is generally obtainable only when commercial ore reserves are known to exist on the mining claim, there is always some risk that titles to one or more of the unpatented mining claims at Candelaria may ultimately be found to be defective.

Estimated Production

The following table is an estimate of CoCa's share of mine production net to its 40 percent interest in Candelaria Partners and its 15 percent interest in ESML over the next five years. The figures are taken from the most recently revised feasibility studies of Occidental Minerals Corporation and Placer Development Limited.

CoCa Mines Inc.
Estimated Net Mine Production

	1980	1981	1982	1983	1984
Candelaria Mine					
Ore - tons	200,000	800,000	800,000	800,000	800,000
Silver - troy ounces	321,500	1,161,500	1,028,200	1,115,500	989,600
Gold - troy ounces	700	3,400	2,800	2,800	3,500
Sam Goosly Mine					
Ore - tons	125,400	264,800	264,800	264,800	264,800
Silver - troy ounces	405,800	1,115,800	723,900	876,700	699,300
Gold - troy ounces	1,600	3,000	3,300	4,000	2,000
Copper - pounds	864,300	1,856,600	1,870,600	2,446,500	2,948,500
Total					
Ore - tons	325,400	1,064,800	1,064,800	1,064,800	1,064,800
Silver - troy ounces	727,300	2,277,300	1,752,100	1,992,200	1,668,900
Gold - troy ounces	2,300	6,400	6,100	6,800	5,500
Copper - pounds	864,300	1,856,600	1,870,600	2,446,500	2,948,500

The above production must bear its proportionate share of operating and capital costs.

During the period of capital recovery by Occidental from Candelaria Partners, CoCa will be entitled to only 8 percent of operating cash flow. At prices of $12 and $450 per troy ounce for silver and gold, respectively, the capital costs of the Candelaria mine are expected to be recovered by the beginning of 1983; prices of $16 and $600 for silver and gold would accelerate this capital recovery by approximately one year.

ESML is not expected to pay any dividends on its common stock until after the retirement of its preferred stock held by Placer Development Limited and repayment of any bank loans to ESML that may be used to accelerate payout to Placer. At prices of $12 and $450 per troy ounce for silver and gold, respectively, ESML anticipates debt repayment and the retirement of senior capital during the first half of 1982; prices of $16 and $600 for silver and gold would accelerate debt retirement by approximately six months.

The above estimate of net mine production reflects the expectation that both mines will be producing ore of a higher silver grade than average during 1980 and 1981. Based upon the foregoing information and assumptions, CoCa's revenues from Candelaria and ESML could during 1983-1985 be in excess of $10.9 million (assuming prices $12 and $450 per troy ounce for silver and gold, respectively) or $16 million (assuming such prices to be $16 and $600) per year. There can be no assurance whatsoever of that amount and the amount of such revenues, if any, is subject to numerous factors which CoCa may not be able to anticipate or control.

ASARCO Inc., Texasgulf Inc. and Hecla Mining Company produce more silver than that estimated to be CoCa's share of production. Producers comparable to CoCa and their net 1979 silver production are: Callahan Mining Corporation - 2,334,000 ounces and Sunshine Mining Company - 2,010,000 ounces.

Dividends

CoCa is prohibited from paying dividends while the Notes are outstanding. The payment of dividends will be at the discretion of the Board of Directors of CoCa and will depend upon CoCa's earnings, financial position and other relevant factors. While it is the objective of the Board of Directors to pay moderate cash dividends, there can be no assurance that CoCa will be able to do so.

LEGAL PROCEEDINGS

Beginning in January 1980, Occidental Petroleum Corporation, the parent of Occidental Minerals Corporation ("Occidental"), on behalf of Candelaria Partners sold silver in the commodities market for future delivery. In advising the Partnership of those sales, Occidental explained that their purpose was to take advantage for the future production of Candelaria Partners of the then high silver market prices, thereby assuring profitability for that partnership. Ultimately, these forward sales involved a total of approximately 6,000,000 ounces of silver at prices that approximated $40 per ounce.

In February 1980, Occidental advised the Partnership that under the Candelaria Partners' Limited Partnership Agreement profits from these forward sales could be allocated solely to Occidental and further suggested that the sales could result in losses which could be allocated to both Occidental and the Partnership. In March 1980, representatives of Occidental Petroleum Corporation and Occidental advised the Partnership that the forward sales had constituted speculations unrelated to the silver production of Candelaria Partners and were solely for the account of Occidental. Based upon this information, the Partnership agreed to relinquish any interest in these transactions.

The market price of silver dropped sharply in March, and the foregoing forward sale commitments were covered by Occidental through corresponding purchases of silver in the commodities market. Occidental Petroleum Corporation reported that these transactions resulted in profits of approximately $119 million. The Partnership subsequently determined that Occidental had misrepresented the effect of these sales under the Candelaria Partners' Limited Partnership Agreement and that Occidental and Occidental Petroleum Corporation had also misrepresented that the sales were speculations unrelated to the silver production of Candelaria Partners.

Upon learning of these facts, the Partnership demanded arbitration with respect to the ownership of the silver forward sales profits in accordance with the Candelaria Partners' Limited Partnership Agreement. Occidental resisted that demand and commenced litigation in California for a declaratory judgment that it was entitled to retain the silver forward sale profits for its own account. The Partnership in turn filed a Motion to Compel Arbitration with the District Court in Colorado and an Order compelling arbitration was entered by the Court on July 25, 1980.

The Partnership and its counsel believe that its claim that the profits from the silver forward sales belong to Candelaria Partners is meritorious. This claim is, however, being strongly resisted by Occidental and the Partnership's counsel has expressed no opinion as to the likely outcome of the dispute.

Pursuant to the Exchange Offer herein, the assets being transferred to CoCa with respect to those Partners accepting the Exchange Offer include one-half of the foregoing claim against Occidental, and the transferred liabilities with respect to those Partners include all of the expenses associated with prosecuting the claim. The one-half portion of the claim not being transferred to CoCa will be distributed to all Partners in liquidation of the Partnership free of expense. Thus, if all Partners accept the Exchange Offer, CoCa will be entitled to one-half of any recovery from Occidental and will bear all of the expenses of pursuing the claim. Those Partners not accepting the Exchange Offer herein will also retain their share of the other one-half of any recovery and will be liable for their proportionate share of the expenses relating to the entire claim.

The expenses related to the Occidental claim consist principally of attorneys' fees which are payable monthly. It is difficult to estimate the amount of such fees as they will depend upon the duration of the dispute and the actions taken by Occidental to resist the claim, but such fees have been estimated in any event to exceed $150,000.

Any recovery on the claim may initially inure to the benefit of Candelaria Partners and only ultimately to the benefit of the Partners and CoCa through their 40 percent interest in that partnership, subject to Occidental's rights to preferential distributions from that partnership on account of its funding of capital costs.

DESCRIPTION OF COMMON STOCK AND NOTES

CoCa is authorized to issue five million shares of Common Stock, $.01 par value. Each shareholder is entitled to one vote for each share of Common Stock held by him. Shareholders are not entitled to cumulative voting in the election of directors. Holders of Common Stock have no redemption, sinking fund or conversion privileges, and do not have pre-emptive rights. When issued, all shares of Common Stock will be fully paid and nonassessable. Holders of Common Stock are entitled to dividends when and if declared by the Board of Directors of CoCa. No dividends can be paid, however, so long as the Notes are outstanding. Although there is no assurance that it will do so, it is the present objective of the Board of Directors of CoCa ultimately to declare moderate cash dividends from time to time (see "Risk Factors - Dividends" at page 54).

Shares of Common Stock are entitled to share equally in the assets of CoCa available for distribution to holders of Common Stock upon liquidation or dissolution of CoCa, whether voluntary or involuntary.

CoCa will also issue non-interest bearing promissory notes ("Notes") to the Limited Partners accepting the Exchange Offer to evidence certain undischarged payout rights of the Partnership (see "Terms of the Exchange Offer - Promissory Notes" at page 5). The aggregate principal amount of the Notes to be outstanding will be $1,195,561 if all Limited Partners accept the Exchange Offer. The Notes are due on or before September 30, 1985, and will be payable earlier out of and to the extent of one-half of CoCa's cash flow in excess of $1 million annually.

CoCa Mines, Inc.

September 30, 1980

PRO FORMA BALANCE SHEET

(Assuming exchange of all assets of Congdon and Carey, Ltd., No. 4 for Common Stock and Notes of CoCa and certain other transactions described in the Notes to Pro Forma Balance Sheet hereto which are expected to occur before September 30, 1980, the estimated closing date of the Exchange Offer.)

	Congdon and Carey, Ltd., No. 4 Balance Sheet June 30, 1980 (Unaudited)	Pro Forma Adjustments Increase	Pro Forma Adjustments Decrease	CoCa Mines, Inc. Pro Forma Balance Sheet September 30, 1980 (Unaudited)
ASSETS				
Current assets	$ 24,019			$ 24,019
Note receivable - officer		$ 50,000 (C)		50,000
Candelaria mining claims	565,800	99,976 (A)		665,776
Investment in Equity Silver Mines Limited	528,249	107,539 (A) 1,020,000 (B)		1,655,788
Other assets	978			978
	$ 1,119,046			$2,396,561
LIABILITIES				
Current - Account Payable	$ 24,763			$ 24,763
- Bank Loan		$ 100,000 (C)		100,000
Notes Payable, Partners of Congdon and Carey, Ltd., No. 4		1,195,561 (A)		1,195,561
PARTNERS' CAPITAL	1,094,283		$ 50,000 (C) 1,044,283 (D)	
STOCKHOLDERS' EQUITY				
Capital Stock $.01 par value; authorized-$5,000,000 shares; 1,089,820 shares issued and outstanding		10,643 (D) 256 (B)		10,899
Additional paid-in capital		1,019,744 (B) 1,033,640 (D)	988,046 (A)	1,065,338
	$ 1,119,046			$2,396,561

CoCa Mines Inc.

Notes to Pro-Forma Balance Sheet as of September 30, 1980

(Unaudited)

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1. The Pro-Forma Balance Sheet reflects the following transactions: (1) the exchange of substantially all of the assets and liabilities of Congdon and Carey, Ltd. No. 4 for common stock and promissory notes of CoCa Mines Inc. with the acquisition of such assets of CoCa Mines Inc. being recorded at historical cost as the transactions represent a change in the form of organization; (2) the acquisition of 60,000 shares of Equity Silver Mines Limited from several individuals in exchange for common stock of CoCa Mines Inc. (such stock was recorded at its estimated fair value based upon the current price of the common stock of Equity Silver Mines Limited and discounted for blockage); (3) estimated results of operations of Congdon and Carey, Ltd. No. 4 from July 1, 1980 through September 30, 1980, the closing date of the offering.

2. The adjustments to reflect the above are as follows:

   (A) Notes issued to partners of Congdon and Carey, Ltd. No. 4 for the recoupment of costs and expenses relating to the Sam Goosly and Candelaria projects.

   (B) Contemplated acquisition of 60,000 shares of Equity Silver Mines Limited in exchange for 25,550 shares of CoCa Mines Inc. This acquisition would be recorded at the fair value of the Equity Silver Mines Limited shares received.

   (C) Assumes interest-free loan of $50,000 to Mr. Hugh J. Matheson (President and Chief Executive Officer of the Company, effective August 15, 1980). Also, estimated general and administrative expenses for three months of $50,000. Funds to be provided by short-term bank loans.

   (D) Balance of equity transferred to CoCa Mines Inc. Reflects issuance of 1,064,270 shares of CoCa Mines Inc. for the net assets of Congdon and Carey, Ltd. No. 4.

CONFLICTS OF INTEREST

The organization and operation of CoCa involve a number of possible conflicts of interest. These conflicts arise out of the following facts.

1. Although CoCa may legally engage in any business, it is the present intention of CoCa's management to limit its activities to the acquisition, exploration, development, operation, investment in and disposition of properties containing precious metals and other non-energy minerals as well as investment in securities of mineral-related corporations. Thomas E. Congdon and William J. Carey are principal shareholders of CoCa and are members and Chairman and Vice Chairman, respectively, of its Board of Directors.

2. Messrs. Congdon and Carey are also engaged in the same business as CoCa through a general partnership of which they are the principal partners known as "Congdon and Carey." The activities of Congdon and Carey are limited to evaluating and exploring specific prospects formulated by Dolf W. Fieldman, its consulting geologist, or by his successor upon his retirement. Mr. Fieldman will also be a member of the CoCa Board of Directors and through Congdon and Carey will provide consulting geological services to CoCa.

3. Messrs. Congdon and Carey are general partners of three other limited partnerships which hold non-energy mineral interests - Congdon and Carey, Ltd. No. 3 ("C and C3"), Congdon and Carey, Ltd. 5 ("C and C5") and Congdon and Carey Round Mountain Project Ltd. ("Round Mountain"). The

present activities of those partnerships are limited to the ownership of the several properties they now hold. C and C5's principal property is being developed under an agreement with a major mining company which is not expected to result in cash flow to C and C5 for at least four years. Negotiations are underway for the possible development of C and C5's other property and for Round Mountain's property. No activities are presently occurring with respect to the property of C and C3.

4. Mr. Congdon is a shareholder, member of the Board of Directors and President and Chief Executive Officer of St. Mary Parish Land Company, a Delaware corporation ("St. Mary"). St. Mary is engaged principally in the oil and gas and real estate businesses but has from time to time acquired non-energy mineral interests.

It is believed that the conflicts of interest which may be represented by the foregoing entities and relationships will be mitigated by the following arrangements which will be in effect:

A. Beginning at such time as CoCa first has cash flow from its assets (expected to be approximately the first calendar quarter of 1981) and in consideration for the option hereinafter described, CoCa will pay to Congdon and Carey the expenses incurred by Congdon and Carey in employing Mr. Fieldman, including his consulting fees and related overhead. These expenses are estimated at $60,000 for the initial 12-month period. Additionally, beginning at such time, CoCa will have the option of paying one-half of all exploration expenditures incurred in connection with mineral prospects thereafter formulated by Mr. Fieldman, provided that Congdon and Carey also pays one-half of such exploration expenditures. So long as CoCa and Congdon and Carey each contribute one-half of the exploration expenditures, each will be entitled to a one-half working interest in such prospects, subject to a carried working interest after payout to be held by Mr. Fieldman and to be borne equally by CoCa and Congdon and Carey. Should at any time either CoCa or Congdon and Carey wish to elect to cease paying its share of such exploration expenditures for any prospect, the other may elect to pay such additional share of such expenditures in which case the nonpaying entity's working interest in such prospect shall be reduced by the proportion the unpaid expenditures bear to the sum of the paid expenditures of both entities.

B. If CoCa has paid its one-half share of exploration expenditures incurred for a prospect formulated by Mr. Fieldman, it will have a first right to purchase the one-half working interest of Congdon and Carey and the Fieldman carried interest in such prospect upon the same terms and conditions as proposed to be offered by Congdon and Carey to a third party at such time as Congdon and Carey proposes to dispose of its interest in such prospect. In order to enhance the independence of CoCa's judgments in determining whether or not to contribute one-half of exploration costs with respect to a prospect formulated by Mr. Fieldman or to exercise its first right to purchase Congdon and

Carey's and Mr. Fieldman's share of such prospect, a majority of the members of the Board of Directors of CoCa are or will be persons other than Messrs. Congdon, Carey and Fieldman or their affiliates.

C. At such time as C and C3, C and C5 or Round Mountain are financially able to consider the acquisition of mineral interests in addition to those presently owned by them, Messrs. Congdon and Carey will cease to be general partners of those partnerships and persons independent of them will become general partners. If those partnerships are then incorporated, a majority of the members of their Boards of Directors will also be independent of Messrs. Congdon, Carey and Fieldman. It is also possible, but not specifically contemplated, that the assets of some or all of those partnerships may at some point in time be acquired by CoCa. Any arrangement which may later exist between Congdon and Carey and C and C3, C and C5 or Round Mountain, or their corporate successors, will not affect the rights of CoCa with respect to its arrangement with Congdon and Carey described above.

D. The Board of Directors of St. Mary has adopted a resolution limiting the present natural resource activities of that corporation to the oil, gas, coal and other energy related minerals business and CoCa and Congdon and Carey have resolved presently to exclude that business from their activities. Thus, St. Mary on the one hand and CoCa and Congdon and Carey on the other will not, at least initially, be competing in the acquisition and ownership of precious metals and other non-energy related minerals interests.

In spite of the foregoing arrangements and restrictions, possible conflicts of interest will nonetheless remain among CoCa, Congdon and Carey, St. Mary, C and C3, C and C5, Round Mountain and Messrs. Congdon and Carey individually. Messrs. Congdon and Carey individually will be engaging in the minerals business through Congdon and Carey and yet at the same time are the principal but not the sole shareholders of CoCa and members of its Board of Directors. Messrs. Congdon and Carey are also the general partners and principal equity owners of C and C3, C and C5 and Round Mountain. Mr. Congdon is a shareholder, director and President and Chief Executive Officer of St. Mary. While Mr. Carey has no interest in St. Mary, Mr. Congdon and Mr. Carey, with respect to the other entities, have interests which differ in size in each entity. In view of these differences and resulting conflicting relationships, it may be difficult for Messrs. Congdon and Carey to avoid preferring the interests of one entity over another.

The foregoing conflicts have existed with respect to Messrs. Congdon and Carey, St. Mary, C and C3, C and C5, Round Mountain and Congon and Carey Ltd., No. 4 during past years. Messrs. Congdon and Carey have at all times endeavored to conduct their affairs in a fair and equitable manner so that such conflicts would not adversely affect any of such entities. To date to the best of their knowledge, none of such entities, or investors in them, have raised complaints or questions about such conflicts or about transactions between Messrs. Congdon and Carey and such entities. Messrs. Congdon and Carey intend to continue such fair and equitable conduct. NONETHELESS, INVESTORS IN COCA SHOULD WEIGH CAREFULLY THE EXISTENCE OF SUCH CONFLICTS OF INTEREST AND THE POSSIBLE DISADVANTAGES TO COCA RESULTING THEREFROM.

TAX CONSEQUENCES OF EXCHANGE OFFER

United States

The following discussion relates to certain United States income tax consequences of the Exchange Offer and is based upon the currently applicable provisions of the United States Internal Revenue Code of 1954, as amended (the "Code") and the Treasury Regulations promulgated thereunder (the "Regulations"). The Code and Regulations are subject to change or reinterpretation, both prospectively and retroactively. Since the following discussion is a general one and also does not purport to cover state tax consequences which may be significant, each Partner is urged to consult with his personal tax advisor as to the tax consequences of the exchange.

Section 351 of the Code provides in general that no gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities of the corporation if, immediately after the exchange, such person or persons are in control of the transferee corporation. Control for these purposes is defined to mean the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

It is anticipated that, upon consummation of the exchange, the Partners will own, in the aggregate, not less than 80 percent of the Common Stock then issued and then outstanding and, accordingly, will be in control of CoCa immediately after the consummation of the exchange within the meaning of the Code. Therefore, the transfer of the Partnership assets in exchange for CoCa Common Stock issued to the Partners should qualify for the non-recognition treatment provided by Section 351 of the Code.

Under Section 1223 of the Code, the holding period for the shares of Common Stock received by a Partner in the Exchange Offer will include the period for which his interest in the Partnership was held by such Partner. Similarly, each Partner's basis for his Common Stock will, under Section 732 of the Code, be determined with respect to his basis for his interest in the Partnership.

The Notes to be received by each Limited Partner will constitute "boot" in connection with the Exchange Offer resulting, under Section 351(b) of the Code, in capital gain to the extent that the fair market value of the Notes exceeds the Limited Partner's tax basis for his recoupable investments in the Partnership. Because the Notes will not bear interest, their fair market value may be less than their face amounts.

Under Section 483 of the Code, a portion of any difference between the fair market value of the Notes and their face amounts will be taxed to the Limited Partners and be deductible by CoCa as interest imputed at a rate of seven percent. Additionally, that portion of the remaining difference between fair market value and face amount attributable to the recoupable investments in the ESML properties will be taxed to the Limited Partners and deductible by CoCa under Section 1232 of the Code as original issue discount over the life of the Notes.

Canada

The shares of ESML held by the Partnership are deemed to be "taxable Canadian property." Accordingly, if or to the extent the Partnership were to distribute the shares of ESML to the Partners, each Partner would be taxed in Canada on his share of the difference between the fair market value of the shares and the basis of the shares for Canadian tax purposes. The effective tax rate on the entire gain would be approximately 30.75 percent. However, the exchange with CoCa should be a tax-free transaction in Canada pursuant to Article VIII of the Canada-United States Tax Treaty which protects a United States entity from Canadian capital gains tax on the sale or exchange of capital assets. The Partners may, nonetheless, be requested to file a Canadian tax return even though no tax is owed in Canada.

Each non-exchanging Partner will incur Canadian income tax on the shares of ESML distributed to him upon liquidation of the Partnership to the extent of the fair market value of the shares at the time of such distribution. Dividends paid on the ESML shares will also be taxable in Canada.

<u>Personal Holding Company Status</u>

CoCa is potentially classifiable as a United States personal holding company because more than 50 percent of its outstanding Common Stock will be owned by five or fewer persons. If CoCa's personal holding company income is 60 percent or more of its adjusted ordinary gross income, CoCa will be a personal holding company for United States income tax purposes subjecting CoCa to a 70 percent tax on its undistributed personal holding company income.

Personal holding company income includes mineral, oil and gas royalties but does not include working interest income from mineral, oil or gas properties. CoCa's share of Candelaria income will be treated as adjusted ordinary gross income, rather than personal holding company income, thereby reducing the ratio between the two types of income. Since it is anticipated that CoCa's personal holding company income (such as dividends on the ESML shares) will be less than 60 percent of its adjusted ordinary gross income, CoCa will not be classified as a personal holding company for United States income tax purposes.

The foregoing income tax consequences are based upon opinions obtained by CoCa from Lawrence & Shaw, barristers and solicitors, and Coopers & Lybrand, chartered accountants, in Vancouver, British Columbia, and Cohen, Brame, Smith & Krendl, attorneys, and Coopers & Lybrand, certified public accountants, in Denver, Colorado.

While CoCa believes such information to be correct, no definitive rulings thereon in Canada or the United States have been requested or obtained from taxing authorities. Further, it is not practical to set forth in this Confidential Offering Memorandum such tax consequences in full detail. THEREFORE, EACH PARTNER IS URGED TO CONSULT AND RELY UPON HIS OWN TAX ADVISOR.

DESCRIPTION AND CONTRAST OF RIGHTS, POWERS AND LIABILITIES UNDER CORPORATE AND PARTNERSHIP FORMS

Set forth below is a summary of the material rights, powers and liabilities of the Partners which will result from the change from the limited partnership form to the corporate form. The discussion is only a summary, and a careful review of the Certificate of Incorporation and Bylaws of CoCa attached hereto should be made by each Partner.

1. Duration. CoCa will have perpetual existence which may generally be terminated only upon the vote of both the Board of Directors and the shareholders of CoCa. In contrast, the Partnership's existence as a legal entity is to terminate on December 31, 1980.

2. Purpose. CoCa's corporate purpose ~~will be the~~ acquisition, exploration, ownership, operation and disposition of properties containing precious metals and other minerals, investment in securities of mineral-related corporations as well as any other lawful act or activity for which a corporation may be organized under ~~laws of State of Dela-~~ ware. In contrast the Partnership's purposes are strictly limited to the exploration for and acquisition of mineral

properties (other than oil and gas and other hydrocarbons and associated substances) and to develop and operate such properties.

3. Control. CoCa will have its business managed by its Board of Directors who are to be elected each year by the vote of the holders of the shares of Common Stock. The number of directors may be no less than three nor more than nine as established from time to time by the Board of Directors with the initial Board having five Directors.

Conversely, full and complete authority to manage, control and operate the business of the Partnership is vested in Thomas E. Congdon and William J. Carey as General Partners who are not subject to removal by the Limited Partners. Under Colorado law any limited partner who takes part in the control of the partnership business loses his limited liability.

4. Voting Rights. The vote of the holders of a majority of shares of Common Stock along with the vote of two-thirds of the whole Board of Directors is required for (1) a merger or consolidation of CoCa with any other corporation except for a merger not requiring shareholder vote under Delaware law, (2) the sale, lease or exchange of all or substantially all of CoCa's property and assets and (3) the dissolution of CoCa. The Certificate of Incorporation may not be amended unless approved by the Board of Directors and the vote of the holders of a majority of shares of Common Stock. The Bylaws of CoCa may be amended either by a vote of the holders of a majority of shares of Common Stock or (except as otherwise ex-

pressly provided in any Bylaw adopted by the shareholders) the vote of a majority of the whole Board of Directors.

The Limited Partners in the Partnership have no voting rights, although under partnership law general partners are prohibited from taking certain acts without the consent of all the Limited Partners including doing any act in contravention of the partnership agreement, admitting additional partners or doing any act which would make it impossible to carry on the ordinary business of the Partnership.

5. Liability. The shareholders of CoCa do not have any personal liability for corporate debts or liabilities. The shares to be issued will be fully paid and non-assessable.

The liability of the Limited Partners of the Partnership for Partnership debts is limited to their capital contributions and share of Partnership assets and undistributed revenues. The Partners are subject to assessments from time to time by the Partnership.

Under partnership law, the General Partners have unlimited liability with regard to Partnership debts and liabilities which they will not have as officers, directors and shareholders of CoCa.

6. Transferability of Interest and Additional Participants. The shareholders of CoCa will be permitted to transfer their shares of Common Stock to third persons so long as there is compliance with any restrictions imposed by federal, state or local law, including applicable securities

laws. The Board of Directors of CoCa will be free to issue to the shareholders or third parties any and all authorized but unissued shares of Common Stock. In contrast, the Partnership agreement prevents a Limited Partner from transferring or assigning his interest in the Partnership to any person except one or more members of his immediate family without the consent of all the Partners. The Partnership agreement also prohibits the admission of new partners without the written consent of all the existing Partners.

7. Taxation and Distribution. CoCa will be a taxable entity which will be entitled to take into account any income tax deductions allowed under the United States Internal Revenue Code. Holders of Common Stock will not have any taxable income with respect to the revenues of CoCa until CoCa declares and pays dividends. Whether dividends are paid in the future will depend upon CoCa's earnings, financial position and other relevant factors (see "Dividends" at page 33).

Partnerships are not taxable entities under the United States Internal Revenue Code. Holders of interests in the Partnership are required to report and pay taxes on their distributive share of Partnership income, losses, credits and deductions, whether or not any cash distributions are actually made by the Partnership.

RISK FACTORS

In evaluating the Exchange Offer, the following factors should be carefully considered:

1. Valuation. The shares of Common Stock and Notes received in exchange for Partnership interests represent ownership in CoCa and not in the underlying assets of CoCa. Therefore, the value of the Common Stock and Notes may be significantly less than the actual value of the CoCa assets. The shares of Common Stock received in exchange for ESML shares held outside of the Partnership may have less value than the ESML shares in part due to the absence of a public market for the Common Stock of CoCa.

2. Certain Tax Effects. Partners who exchange their Partnership interests for Common Stock and Notes will no longer realize any direct federal income tax benefits from depletion applicable to such interests. The earnings of CoCa, if any, will be subject to corporate income taxes, and any dividends which may be paid to CoCa shareholders in the future will be subject to individual income taxes.

3. Dividends. Partners who exchange their Partnership interests for Common Stock and Notes will relinquish rights to income from the Partnership's properties which now or hereafter produce income. CoCa is prohibited from paying dividends so long as the Notes are outstanding. Cash flow up to $1 million per year will be used to pay overhead and operating expenses of CoCa. One-half of such cash flow in excess of $1 million annually, if any, will be used to retire

the Notes issued to the Partners in satisfaction of their payout rights. Upon retirement of the promissory Notes, the payment of dividends will be at the discretion of the Board of Directors of CoCa and will depend upon CoCa's earnings, financial position and other relevant factors then existing. While it is the objective of the Board of Directors to pay moderate cash dividends, there can be no assurance that CoCa will be able to do so.

4. Metals Price Fluctuations. Metals prices, like those of other commodities, fluctuate widely as a consequence of only moderate shifts in the supply and demand for these metals. Increases in metals prices tend to depress the demand, thereby producing a corresponding depressant effect on prices. Precious metals prices have been particularly volatile, though generally strong, over the past decade. A far greater quantity of precious metals is traded on commodity exchanges in the form of futures contracts than is actually consumed by users of these metals. Silver, the principal product of Candelaria Partners and Equity Silver Mines Limited, traded in a range of \$3.26 to \$6.32 per troy ounce during 1974 through 1978. Last year, the price of silver increased dramatically from a beginning low of \$5.92 and reached a high at the end of 1979 of \$34.45 per troy ounce. Well publicized speculation drove the price to a high of \$48.70 in the first quarter of the current year, after which the price collapsed swiftly to a low of \$10.80. As of July 23, 1980, the Handy & Harman spot price of silver closed at \$16.35 per troy ounce.

5. Risks of Minerals Exploration. Exploration for minerals is highly speculative, whether conducted in corporate form or partnership form. Most exploration projects undertaken do not result in the discovery of commercially minable deposits of ore. Unlike oil and gas exploration and development, the expenditures on exploration for hard minerals are only a minor part of the total amount required in order to develop a mine and place it into commercial production. In the event a commercially minable deposit of precious or other metals is discovered through exploration, it will be necessary for CoCa to raise a very substantial amount of capital or dispose of the property in whole or in part. In such event, CoCa may seek such funds through borrowing or the sale of additional shares of its Common Stock or the sharing of the development of a mine with a partner.

6. Metallurgical Risk. The development and operation of a mine also entails a degree of risk stemming from the application of established and new extractive processes to orebodies whose metallurgical characters are highly individualistic.

7. Risk of Government Action. Mining operations and the development of new mines and production facilities are subject to a considerable amount of regulation by federal, state and local governmental authorities which can increase the cost of conducting exploration and development or effectively prevent such activities in certain areas. Further, sudden metals price increases have stimulated some govern-

mental authorities to impose burdensome tax legislation over and above normal income taxes.

8. Conflicts of Interest. Certain officers and directors of CoCa engage independently and through other entities in mineral exploration and development activities which will conflict with activities of CoCa.

9. No Market for Common Stock. There is no market for the Common Stock of CoCa, and it is not anticipated that one will develop in the foreseeable future. The shares of Common Stock will not be registered under the Securities Act of 1933, as amended, and, accordingly, may not be resold without subsequent registration under such Act or in reliance upon an exemption provided by such Act. Rule 144 is not presently available for resale of CoCa Common Stock.

10. Title to Mineral Properties. A portion of the mineral properties in which CoCa will have an interest and other properties which CoCa may acquire from time to time will consist of unpatented mining claims. It should be understood that there is always a degree of uncertainty with respect to the validity of any unpatented mining claim.

11. Competitive Risk. The acquisition of mineral properties and exploration rights is highly competitive, and CoCa will be competing with many other mining and other companies which have far greater financial resources than CoCa and larger technical staffs of geologists, engineers and other personnel.

SUITABILITY STANDARDS

Each person to whom shares of Common Stock and Notes will be issued must represent in writing to CoCa that, in connection with evaluating the merits and risks of investment in the Common Stock and Notes, either he himself has such knowledge and experience in financial and business matters generally so as to be capable of evaluating the merits and risks of investment in the Common Stock and Notes or he is represented by an offeree representative able to represent as provided in the Offeree Representative Certificate attached to the Letter of Acceptance and Consent. Among other things, any offeree representative must represent that (i) it or he has knowledge of and experience in financial and business matters generally, (ii) it or he is capable of evaluating the merits and risks of investment in the Common Stock and Notes, and (iii) it or he is familiar with the financial and tax position and plans of the offeree.

There is no established market for the Common Stock, and because there are expected to be only a limited number of shareholders and significant restrictions on the transferability of the Common Stock, it is unlikely that a public market in the Common Stock will develop as a result of the transactions described herein. The shares of Common Stock and the Notes have not been registered under the Securities Act of 1933, as amended, and therefore cannot be sold unless either they are subsequently registered under said Act or an exemption from such registration is available. Accordingly, <u>a holder of</u>

the Common Stock and Notes must bear the economic risk of investment in the Common Stock and Notes for an indefinite period of time. The proposed transactions described in this Offering Memorandum will be made in reliance upon the nonpublic offering exemption from registration as provided in Section 4(2) of the Securities Act of 1933 and/or Rule 146 promulgated by the Securities and Exchange Commission. No registration statement has been filed with the Securities and Exchange Commission. A filing has been or will be made with the Securities and Exchange Commission and the appropriate states to meet the requirements for claiming the exemption of this offering from the otherwise applicable registration requirements.

Rule 146

Rule 146, promulgated by the Securities and Exchange Commission, permits the sale of securities under certain conditions without registration of the transaction. Rule 146 provides standards for determining when offers or sales of securities by an issuer will be exempt from registration, as "private offerings", within the meaning of Section 4(2) of the Securities Act of 1933, as amended.

The primary conditions which must be met for Rule 146 to apply to this offering are summarized as follows:

Number of Purchasers. The number of United States "purchasers" must not exceed 35, as defined in Rule 146.

Manner of Offering. The offering may not be made through the use of any advertisement, article, printed notice in any newspaper or magazine or any television or radio broadcast. Certain other restrictions on the manner of offering are also applicable.

Offerees' Access to Information. CoCa must furnish each offeree with access to certain information concerning its business and affairs and must afford each offeree an opportunity to ask questions of, and receive answers from, officers, directors, employees of CoCa and any person acting on its behalf concerning the terms and conditions of the offering and other information which an offeree needs to verify the accuracy of the information disclosed to him (where CoCa can secure such other information without unreasonable effort or expense). For this purpose CoCa has prepared this Offering Memorandum and wishes to advise each offeree of the opportunity to receive additional information and to question the officers, directors and employees of CoCa.

Prior and Future Offerings. CoCa must not have offered or sold the same or similar securities during the six-month period prior to this offering and must not offer or sell the same or similar securities during the six-month period following this offering.

Potential Offeree Suitability. CoCa must have reasonable grounds to believe, immediately prior to making any offer, that the offeree has sufficient knowledge and experience in financial and business matters to be able to evaluate the merits and risks of the prospective investment or that the offeree is a person able to bear the economic risk of the investment. If it is determined that the potential offeree is so qualified, then the offeree may be furnished with a copy of this Offering Memorandum, provided that the offeree shall have first executed the Offeree Qualification Letter, which is attached to the Letter of Acceptance and Consent.

Offeree Suitability. Immediately prior to making any sale, after reasonable inquiry, CoCa must have reasonable grounds to believe that each offeree has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the prospective investment or that the offeree and his offeree representative(s) together have such knowledge and experience and the offeree is able to bear the economic risk of the investment. To assure compliance with this requirement, each subscriber is required to make certain representations and warranties which are included in the Letter of Acceptance and Consent.

Limitations on Resale or Other Disposition. CoCa must exercise reasonable care to assure that the holders of Common Stock and Notes comply with the limitations on disposition of the Common Stock and Notes as required by the securities laws. For this purpose restrictions on transfer of the shares of Common Stock will be contained on the certificates representing such shares. Each offeree must make certain representations, warranties and agreements contained in the Letter of Acceptance and Consent, including without limitation, the representation and warranty that the offeree is acquiring the Common Stock and Notes for his own account, as principal, for investment and not with a view to the resale or distribution of all or any part of such Common Stock and Notes.

Since the shares of Common Stock and the Notes are not being registered under the Securities Act of 1933, resales of such securities cannot be made unless such securities are subsequently registered or unless an exemption is available with respect to such sales. The principal exemption for public resales of "restricted securities" is contained in Rule 144 of the Act which requires, among other things, a two-year holding period and current public information concerning the issuer. There can be no assurance that CoCa will publish or make available such information at any time in the future so that Rule 144 may then be available for any resales.

12,815
4
51,260

160,621

33,863
11,218
51,260
16,835
17,032
130,208

7/1/81	1,008,461	
TBC - direct	180,288	17.9
TBC RCC trust	160,621	16.0
TEC - trustee	20,139	2.0
WCC, RC, JCA	130,208	12.9
		48.8
WSC	242,247	24.0

478 8[illegible]
4,234
333,128

14,[illegible]
42,066
35,055
77,121

EXHIBIT A

CoCa Mines Inc.

Common Stock Entitlements

	Consideration for Congdon and Carey Ltd. No. 4	Consideration for Additional ESML Shares	Total	Promissory Notes	Tax Basis Partners' Capital June 30, 1980	ESML Shares Exchanged
Thomas E. Congdon	178,894		178,894	$ 189,415.34	$ 214,891.34	
Noel R. Congdon		8,517	8,517			20,000
Thomas E. Congdon Children Trust	154,234		154,234	148,466.10	155,476.10	
William J. Carey	239,654		239,654	215,010.92	261,265.92	
Dolf W. Fieldman	33,052		33,052	21,052.62	35,080.62	
Nilendu S. Mukherjee	5,095		5,095	4,710.72	12,223.72	
Clint W. Murchison III	14,022		14,022	18,408.28	16,355.28	
Burk Murchison	14,022		14,022	18,408.28	16,355.28	
Coke Anne Murchison Trust	14,022		14,022	18,408.28	16,355.28	
Robert F. Murchison	14,022		14,022	18,408.28	16,355.28	
John D. Murchison, Jr.	14,022		14,022	18,408.28	16,355.28	
Virginia Lucille Murchison Trust	14,022		14,022	18,407.28	16,355.28	
Mary Noel Lamont	14,022		14,022	18,406.28	16,353.28	
Barbara Jeanne Murchison Trust	14,022		14,022	18,407.28	16,354.28	
Robert A. Congdon	33,863		33,863	64,971.74	23,861.74	
William D. Miller	39,229		39,229	51,502.82	45,769.82	
Jeffrey W. Miller	10,294		10,294	13,509.74	12,008.74	
Roxanne M. Suffecool	10,294		10,294	13,509.74	12,008.74	
Wendy M. Hitt	10,294		10,294	13,511.74	12,008.74	
Estate of Stephen H. Congdon	11,722	8,517	20,239	23,542.48	(1,923.52)	20,000
John D. Macomber	22,182		22,182	25,042.14	33,678.14	
Janet M. Macomber	7,394		7,394	8,348.44	11,226.14	
Elizabeth C. Macomber	7,394		7,394	8,348.44	11,226.14	
William B. Macomber	7,394		7,394	8,347.44	11,226.14	
Francis Goelet	11,218		11,218	14,723.68	13,082.68	
Philip Goelet	3,740		3,740	4,908.56	4,365.56	
Christopher Goelet	3,740		3,740	4,907.56	4,365.56	
Thomas Goelet	3,740		3,740	4,907.56	4,364.56	
Robert G. Goelet	11,218		11,218	14,723.68	13,087.68	
Richard E. Metz	11,218		11,218	14,723.68	13,087.68	
Sarah M. Kerlin, Trustee	7,480		7,480	9,817.12	8,721.12	
Jonathan Otis Kerlin	3,739		3,739	4,907.56	4,360.56	
Mary C. Van Evera	11,218		11,218	14,724.92	13,088.92	
Katharine V. Reichert	11,218	2,129	13,347	14,724.92	13,088.92	5,000
Emily Van Evera	11,218	2,129	13,347	14,724.92	13,088.92	5,000
Gretchen Van Evera	11,218	2,129	13,347	14,725.92	13,088.92	5,000
Stephen W. Van Evera	11,218	2,129	13,347	14,725.92	13,088.92	5,000
Jean C. Adams	16,835		16,835	22,764.66	19,361.66	
Salisbury M. Adams	4,258		4,258	5,745.12	4,899.12	
David C. Adams	4,258		4,258	5,745.12	4,899.12	
Dorothy D. Adams	4,258		4,258	5,745.12	4,899.12	
Jennifer T. Adams	4,258		4,258	5,745.12	4,899.12	
Daniel C. Searle	35,055		35,055	~~46,817.20~~	40,894.20	
	1,064,270	25,550	1,089,820	$1,195,561.00	$1,191,600.10	60,000
	[illegible]	4,258 - 16.7%	67,35[illegible]			
	1,001,[illegible]	21,292	1,022,463			
	94%	93%				

1,008,441

33.67% [illegible] = 339,515 shs

EXHIBIT B

CONGDON AND CAREY, LTD. NO. 4
(a partnership)

BALANCE SHEET, June 30, 1980 (Note 1)

(Unaudited)

ASSETS

Current assets:		
Cash	$23,639	
Accounts receivable	380	$ 24,019
Mining claims:		
Candelaria (Notes 1 and 3)		565,800
Investment in Equity Silver Mines Limited (Note 4)		528,249
Other assets		978
		$1,119,046

LIABILITIES

Current liabilities:	
Accounts payable	$ 24,763

PARTNERS' CAPITAL

Partners' capital (Note 1):	
Additional limited partners and Limited partners	1,094,283
	$1,119,046

The accompanying notes are a part of the financial statements.

CONGDON AND CAREY, LTD. NO. 4
(a partnership)
NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies:

Accounting changes:

During 1980, the partnership has adopted the policy of charging all costs in the search for mineral properties against earnings when incurred. When a commercial ore body is discovered, the related exploration costs previously charged against earnings are credited to earnings and capitalized and then depleted. Previously the Partnership charged all advance and minimum royalty payments, exploration and other costs to expense when incurred. The newly adopted method of accounting for exploration costs will more clearly reflect the results of operations by matching project costs with its revenues.

As a result of this change in accounting the cumulative effect as of December 31, 1979 is an increase in partners capital of $479,524.

Equity method of accounting:

The partnership's investment in Equity Silver Mines Limited, a 14% owned Canadian company, is carried at cost less equity in losses (see Note 4). The partnership uses the equity method of accounting because of the significant influence exercised over the operating and financial policies of Equity Silver Mines Limited through Board of Director representation and other factors.

Translation:

In determining its equity in losses, the accounts of the Canadian investee, except for capitalized mineral interest and exploration costs, are translated at the rate of exchange at the end of the period; capitalized costs and costs and expenses charged to income are translated at average rates in effect during the year incurred.

2. Partnership Agreement:

The Articles of Limited Partnership contain provisions as follows:

(a) The partnership is to exist from January 1, 1971 to December 31, 1980.

(b) The general partners participate to the extent of 30% in gains and profits from each prospect area after there shall have accrued to the benefit of the limited partners the total costs and expenses allocated to such prospect area. Subject to the foregoing interest of limited partners, the assets are owned by the general partners to the extent of 30% thereof. Should the partnership expend more than $300,000 on any single prospect area, the general partners' 30% ownership of the assets shall be reduced in accordance with specific terms of the agreement.

2. Partnership Agreement, continued:

(b), continued:

However, if this occurs the general partners have the right and option to increase their contribution as limited partners by specified amounts. The expenditures on the Candelaria and Goosly (see Note 4) prospect areas each reached $300,000 during 1973, and thereafter the general partners increased their contributions as limited partners by the specified amounts. The general partners assigned a part of their additional limited partners' interest to individual full-time employees, however, under the partnership agreement such employees do not become partners by virtue of such assignment.

(c) Other provisions relating to partners' capital contributions during "primary term" (January 1, 1971 to December 31, 1973) and "secondary term" (January 1, 1974 to termination), losses and expenses, profits and gains, death of a partner, distribution of assets upon termination, title to properties, expenditures during "secondary term", and other provisions, conditions and restrictions.

As of December 31, 1979, six limited partners had assigned to their children all or a portion of their limited partners' interests. The assignees are not substituted limited partners. Robert A. Congdon, a limited partner, elected not to participate in the 1976 exploration program. In accordance with the Partnership Agreement, he is deemed to have conveyed one-half of his interests in the prospect areas, represented by one-half of his interest in the partnership, to the other limited partners who elected to contribute his share. All of the other limited partners made this election except for Mrs. Jean C. Adams.

3. Candelaria Property:

During 1976, a Limited Partnership was entered into with Occidental Minerals Corporation ("OxyMin") being the general partner and Congdon and Carey, Ltd. No. 4 being the limited partner. The limited partner contributed its rights, titles and interest in the properties. The general partner has contributed in excess of $1,250,000 to the capital of the Limited Partnership which contribution has been used in testing, evaluation and development of the Candelaria Property.

OxyMin has committed to place the property into commercial production and is providing all of the financing therefor. The profits and losses of the Limited Partnership will be shared, 60% by OxyMin and 40% by Congdon and Carey, Ltd. No. 4 after payout to OxyMin on an after-tax basis. During the payout period, 8% of the profits and losses and accompanying cash flow will be allocated to the limited Partner, 60% to the general partner, and a further 32% to the general partner.

The Candelaria property consists of patented and unpatented mining claims, unpatented millsite claims, and other real properties located in Nevada. The interests in these properties are represented by a purchase agreement in effect with Candelaria Industries, Inc., whereby that company sold its claims to Candelaria Partners but retains a net profits interest in the claims, a mining lease entered into with Argentum Consolidated Mines, Inc., and other lease and option to purchase agreements. These agreements provide for the partnership to make over varying periods of time minimum payments, advance royalty payments, production royalty payments and payment of all property taxes and to perform assessment work necessary to perpetuate the claims. Under the partnership agreement with OxyMin, Congdon and Carey, Ltd. No. 4 is to be reimbursed for any of the foregoing payments, which it makes under these agreements.

4. Investment in Equity Silver Mines Limited:

At June 30, 1980, Congdon and Carey Ltd. No. 4 owned 14% of the issued stock of Equity Silver Mines Limited ("Silver"). Silver is the owner of 320 wholly owned and 20 partially owned mineral claims in British Columbia known as the Goosly Property.

At June 30, 1980, the partnership's investment is comprised of cumulative capital contributions and cash payments made to a predecessor partnership and predecessor corporations together with other costs incurred relating to the prospect area, reduced by the partnership's equity in losses through June 30, 1980, adjusted for the sales of shares during 1980.

The partnership acquired its interest in Silver as a result of the amalgamation of Silver and Equity Mining Corporation ("Equity"), a company 50% owned by the limited partnership. Equity had previously sold a 70% interest in the Goosly Property to Placer Development Limited, ("Placer") of Vancouver, B.C. Placer subsequently sold its interest to its wholly owned subsidiary, Silver, and Silver thereafter amalgamated with Equity. As a consequence of these transactions, Placer at December 31, 1979 owned 70% of Silver and the partnership at December 31, 1979 owned 15% of Silver.

In February 1979, Placer served notice of its intent to place the Goosly Property into production. Placer is providing the necessary construction financing by purchasing preferred shares of Silver. These shares have a dividend rate equivalent to 1/2 the Canadian prime rate in effect from time to time, plus one percentage point. It is presently contemplated that shortly after commercial production commences, Silver will arrange bank financing to redeem the preferred shares, and use the cash flow from operations to retire the bank indebtedness.

5. Legal Proceedings:

During the first quarter of 1980, Occidental Petroleum entered into forward sales contracts for silver and gold production from the Candelaria property, and another property in which Occidental (but not the Partnership) had an interest. In early April, the Partnership requested of Occidental an accounting to Candelaria Partners of these forward sales.

On April 17, 1980, Occidental Minerals commenced litigation in California, seeking declaratory relief of its obligation to account to Candelaria Partners for the trading profit. On the same date, the Partnership delivered to Occidental Minerals a Demand for Arbitration with respect to the forward sales, as the Candelaria Partnership Agreement provides for all disputes to be settled by arbitration.

On April 28, 1980, Occidental Minerals commenced a second action; this in Denver District Court to stay the arbitration proceedings.

On May 2, 1980, the Partnership commenced an action in the District Court for the County of Jefferson, Colorado, seeking to compel Occidental Minerals to submit the dispute to arbitration.

EXHIBIT C

CERTIFICATE OF INCORPORATION

OF

CoCa Mines Inc.

ARTICLE I

Name

The name of the Corporation is

CoCa Mines Inc.

ARTICLE II

Registered Office and Registered Agent

The registered office of the Corporation in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of the Corporation's registered agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware.

ARTICLE III

Corporate Purposes

The purpose of the Corporation is to engage in the acquisition, exploration, ownership, development, operation and disposition of properties containing precious metals and other non-energy minerals and to engage in any other lawful act or activity for which corporations may be organized under the General Coporation Law of the State of Delaware.

ARTICLE IV

Capital Stock

The total number of shares of capital stock which the Corporation shall have authority to issue is Five Million (5,000,000) shares of Common Stock of the par value of one cent ($.01) each.

ARTICLE V

Denial of Preemptive Rights

No holder of any class of capital stock of the Corporation, whether now or hereafter authorized, shall be entitled, as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of capital stock of the Corporation of any class whatsoever, or of securities convertible into or exchangeable for capital stock of the Corporation of any class whatsoever, whether now or hereafter authorized, or whether issued for cash, property or services.

ARTICLE VI

Restriction on Dividends

Except as set forth in this Certificate of Incorporation, dividends may be declared or paid upon the shares of the Corporation's capital stock either (1) out of its surplus, determined as provided under the General Corporation Law of the State of Delaware, or (2) in case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. A director shall be fully protected in relying in good faith upon the books of account or other records of the Corporation or statements prepared by any of its officials or by independent public accountants or by an appraiser selected with reasonable care by the Board of Directors as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid, or with which the Corporation's capital stock might properly be purchased or redeemed.

ARTICLE VII

Stockholders Vote Required in Connection with Merger, Consolidation, Sale of Assets or Dissolution

Notwithstanding anything contained herein or in the General Corporation Law of the State of Delaware, the Corporation shall not (a) merge or consolidate with any one or more corporations, joint-stock associations or non-stock corporations (other than in a merger not requiring any vote of stockholders of the Corporation under the General Corporation Law of the State of Delaware), (b) sell, lease or exchange all or substantially all of its property and assets, or (c) dissolve, unless the Board of Directors shall, at a meeting duly called, adopt a resolution, passed by two-thirds (2/3) of the whole Board of Directors, approving such action and unless such action shall be approved at a meeting by a vote of the holders of a majority of the shares of capital stock outstanding and entitled to vote thereon.

ARTICLE VIII

Corporate Existence

The Corporation is to have perpetual existence.

ARTICLE IX

No Liability of Holders of Capital Stock for Corporate Debts

The holders of the capital stock of the Corporation shall not be personally liable for the payment of the Corporation's debts and the private property of the holders of the capital stock of the Corporation shall not be subject to the payment of debts of the Corporation to any extent whatsoever.

ARTICLE X

Powers of Board of Directors

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized:

(a) To make, alter, amend or repeal the Bylaws of the Corporation, except as otherwise expressly provided in any Bylaw made by the holders of the capital stock of the Corporation entitled to vote thereon. Any Bylaw may be altered, amended or repealed by the holders of the capital stock of the Corporation entitled to vote thereon at any annual meeting or at any special meeting called for that purpose.

(b) To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

(c) To determine the use and disposition of any surplus and net profits of the Corporation, including the determination of the amount of working capital required, to set apart out of any of the funds of the Corporation, whether or not available for dividends, a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

(d) To designate, by resolution passed by a majority of the whole Board of Directors, one or more committees, each committee to consist of one or more directors of the Corporation, which, to the extent provided in the resolution designating the committee or in the Bylaws of the Corporation, shall, subject to the limitations prescribed by law, have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be provided in the Bylaws of the Corporation or as may be determined from time to time by resolution adopted by a majority of the whole Board of Directors.

(e) To grant or assume rights or options entitling the holders thereof to purchase from the Corporation shares of its capital stock of any class or series (to be evidenced by or in such instrument or instruments as shall be approved by the Board of Directors); the terms upon which, the time or times at or within which, the persons to whom, and the price or prices at which any such rights or options may be issued and any such shares may be purchased from the Corporation upon the exercise of any such right or option, shall be such as shall be fixed in a resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights or options. In the absence of actual fraud in the transaction, the judgment of the Board of Directors as to the consideration for the issuance of such rights or options and the sufficiency thereof shall be conclusive. No such rights or options shall be invalidated or in any way affected by the fact that any director shall be a grantee thereof or shall vote for the issuance of such rights or options to himself or for any plan pursuant to which he may receive any such rights or options.

(f) To adopt or assume such plans as may, from time to time, be approved by it for the purchase by officers or employees of the Corporation and of any corporation either affiliated with or a subsidiary of the Corporation of shares of capital stock of the Corporation of any class or series; the terms upon which and the price or prices at which shares may be purchased from the Corporation pursuant to such a plan shall be such as shall be fixed by the Board of Directors in the plan. No such plan which is not at the time of adoption unreasonable or unfair shall be invalidated or in any way affected because any director shall be entitled to purchase shares of capital stock of the Corporation thereunder and shall vote for any such plan.

(g) To adopt or assume and carry out such plans as may from time to time be approved by it for the distribution among the officers or employees of the Corporation and of any corporation which is a subsidiary of the Corporation, or any of them, in addition to their regular salaries or wages, of part of the earnings of the Corporation and of any corporation which is a subsidiary of the Corporation, or any of them, in consideration for or in recognition of the services rendered by such officers or employees or as an inducement to future efforts. No such plan which is not at the time of adoption or assumption unreasonable or unfair shall be invalidated or in any way affected because any director shall be a beneficiary thereunder or shall vote for any plan under which he may benefit or for any distribution thereunder in which he may participate.

(h) To adopt such pension, retirement, deferred compensation or other employee benefit plans or provisions as may, from time to time, be approved by it, providing for pensions, retirement income, deferred compensation or other benefits for officers or employees of the Corporation and of any corporation which is a subsidiary of the Corporation, or any of them, in consideration for or in recognition of the services rendered by such officers or employees or as an inducement to future efforts. No such plan or provision, which is not at the time of adoption unreasonable or unfair, shall be invalidated or in any way affected because any director shall be a beneficiary thereunder or shall vote for any plan or provision under which he may benefit.

(i) To exercise, in addition to the powers and authorities hereinbefore or by law conferred upon it, any such powers and authorities and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware and of this Certificate of Incorporation and of the Bylaws of the Corporation.

ARTICLE XI

Meetings and Consents of Stockholders and Directors; Corporation Books; Elections of Directors

Meetings of holders of capital stock of the Corporation and of the Board of Directors and of any committee thereof may be held outside the State of Delaware if the

Bylaws shall so provide. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting as provided by statute, if the Bylaws of the Corporation shall so provide. Except as otherwise provided by law, the books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation. The elections of directors need not be by ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE XII

Transactions with Directors and Officers

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or the committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or (b) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders, or (c) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII

Indemnification of Directors, Officers and Others

SECTION 1. Indemnification by Corporation. (a) Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Any such person who could be indemnified pursuant to the preceding sentence except for the fact that the subject action or suit is or was by or in the right of the Corporation shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(b) To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) of this Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any action being taken by the Corporation other than the determination, in good faith, that such defense has been successful. In all other cases wherein indemnification is provided by this Article, unless ordered by a court, indemnification shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct specified in this Article. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the holders of a majority of the shares of capital stock of the Corporation entitled to vote thereon.

(c) The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person seeking indemnification did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Entry of a judgment by consent as part of a settlement shall not be deemed a final adjudication of liability for negligence or misconduct in the performance of duty, nor of any other issue or matter.

(d) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by the director, officer, employee or agent involved to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

(e) The indemnification hereby provided shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 2. Insurance. By action of the Board of Directors, notwithstanding any interest of the directors in the action, the Corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation shall have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE XIV

Compromise or Arrangement Between Corporation and Its Creditors or Stockholders

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ARTICLE XV

Reservation of Right to Amend Certificate of Incorporation

The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Certificate of Incorporation and all rights and powers conferred in this Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

ARTICLE XVI

The name and mailing address of the incorporator is as follows:

Name	Mailing Address
Roger C. Cohen	Cohen, Brame, Smith & Krendl 1660 Lincoln Street Denver, Colorado 80264

ARTICLE XVII

The powers of the incorporator shall terminate upon the filing of this Certificate of Incorporation. The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualify are as follows:

Name	Mailing Address
Thomas E. Congdon	Congdon and Carey 910 Denver Center Building 1776 Lincoln Street Denver, Colorado 80203
William J. Carey	Congdon and Carey 910 Denver Center Building 1776 Lincoln Street Denver, Colorado 80203
Roger C. Cohen	Cohen, Brame, Smith & Krendl 1660 Lincoln Street Denver, Colorado 80264

THE UNDERSIGNED, being the incorporator herein before named, for the purposes of forming a corporation pursuant to the General Corporation Laws of the State of Delaware, does make this Certificate hereby declaring and certifying that the facts herein stated are true; and accordingly has hereunto set my hand and seal this 26th day of June, 1980.

Roger C. Cohen

EXHIBIT D

BY-LAWS

OF

COCA MINES INC.

ARTICLE I.

Offices

CoCa Mines Inc. (hereinafter called the "Corporation") may establish or discontinue, from time to time, such offices and places of business within or without the State of Delaware as the Board of Directors may deem proper for the conduct of the Corporation's business.

ARTICLE II.

Meetings of Stockholders

SECTION 1. Annual Meeting. The annual meeting of the holders of shares of such classes or series of stock as are entitled to notice thereof and to vote thereat pursuant to the provisions of the Certificate of Incorporation (hereinafter called the "Annual Meeting of Stockholders") for the purpose of electing directors and transacting such other business as may come before it shall be held in each year at such time, on such day and at such place, within or without the State of Delaware, as shall be designated by the Board of Directors.

SECTION 2. Special Meetings. In addition to such special meetings as are provided for by law or by the Certificate of Incorporation, special meetings of the holders of any class or series or of all classes or series of the Corporation's stock may be called at any time by the Board of Directors and may be held at such time, on such day and at such place, within or without the State of Delaware, as shall be designated by the Board of Directors.

SECTION 3. Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders shall be given either by delivering a notice personally or mailing a notice to each stockholder of record entitled to vote thereat. If mailed, the notice shall be directed to the stockholder in a postage-prepaid envelope at his address as it appears on the stock books of the Corporation unless, prior to the time of mailing, he shall have filed with the Secretary a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. Notice of each meeting of stockholders shall be in such form as is approved by the Board of Directors and shall state the purpose or purposes for which the meeting is called, the date and time when and the place where it is to be held, and shall be delivered personally or mailed not more than fifty (50) days and not less than ten (10) days before the date of the meeting. Except as otherwise provided by law, the business which may be transacted at any such meeting of stockholders shall consist of and be limited to the purpose or purposes so stated in such notice. The Secretary or an Assistant Secretary or the Transfer Agent of the Corporation shall, after giving such notice, make an affidavit stating that notice has been given, which shall be filed with the minutes of such meeting.

SECTION 4. Waiver of Notice. Whenever notice is required to be given under any provision of law or of the Certificate of Incorporation or the By-Laws, a waiver thereof in writing or by telegraph, cable or other form of recorded communication, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the person attends such meeting for the express purpose of objecting , at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of stockholders need be specified in any waiver of notice unless so required by the Certificate of Incorporation.

SECTION 5. Organization. The Chairman of the Board shall act as chairman at all meetings of stockholders at which he is present, and as such chairman shall call such meetings of stockholders to order and preside thereat. If the Chairman of the Board shall be absent from any meeting of stockholders, the duties otherwise provided in this Section 5 of Article II to be performed by him at such meeting shall be performed at such meeting by the officer prescribed by Section 6 of Article V. The Secretary of the Corporation shall act as secretary at all meetings of the stockholders, but in his absence or unavailability, the chairman of the meeting may appoint any person present to act as secretary of the meeting.

SECTION 6. Judges. All votes by ballot at any meeting of stockholders shall be conducted by two judges, who need not be stockholders, who shall, except as otherwise provided by law, be appointed for that purpose by the chairman of the meeting. The judges shall decide upon the qualifications of voters, count the votes and declare the result.

SECTION 7. Stockholders Entitled to Vote. The Board of Directors may fix a date not more than sixty (60) days nor less than ten (10) days prior to the date of any meeting of stockholders, or prior to the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose without a meeting, as a record date for the determination of the stockholders entitled to notice of and to vote at such meeting and any adjournment thereof, or to give such consent or express such dissent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to give such consent or express such dissent, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. The Secretary shall prepare and make or cause to be prepared and made, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each such stockholder and the number of shares registered in the name of each such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place, specified in the notice of the meeting, within the city where the meeting is to be held, or, if not so specified, at the place where the meeting is to be held. Such list shall be produced and kept at the time and place of the meeting during the whole time thereof, and subject to the inspection of any stockholder who may be present.

SECTION 8. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the shares of stock entitled to vote at the meeting present in person or by proxy without regard to class or series shall constitute a quorum at all meetings of the stockholders. In the absence of a quorum, the holders of a majority of such shares of stock present in person or by proxy may adjourn any meeting, from time to time, until a quorum shall be present. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned, provided that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 9. Order of Business. The order of business at all meetings of stockholders shall be as determined by Robert's Rules of Order, as revised from time to time.

SECTION 10. Vote of Stockholders. Except as otherwise permitted by law or by the Certificate of Incorporation or the By-Laws, all action by stockholders shall be taken at a stockholders' meeting. Every stockholder of record, as determined pursuant to Section 7 of this Article II, and who is entitled to vote, shall, except as otherwise expressly provided in the Certificate of Incorporation with respect to any class or series of the Corporation's capital stock, be entitled at every meeting of the stockholders to one vote for every share of stock standing in his name on the books of the Corporation. Every stockholder entitled to vote, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy duly appointed by an instrument in writing, subscribed by such stockholder and executed not more than three (3) years prior to the meeting, unless the instrument provides for a longer period. The attendance at any meeting of stockholders of a stockholder who may theretofore have given a proxy shall not have the effect of revoking such proxy unless such stockholder shall in writing so notify the secretary of the meeting prior to the voting of the proxy. Election of directors shall be by written ballot but, unless otherwise provided by law, no vote on any question upon which a vote of the stockholders may be taken need be by ballot unless the chairman of the meeting shall determine that it shall be by ballot or the holders of a majority of the shares of stock present in person or by proxy and entitled to participate in such vote shall so demand. In a vote by ballot, each ballot shall state the number of shares voted and the name of the stockholder or proxy voting. Except as otherwise provided by law, by the Certificate of Incorporation or by Section 14 of Article III, all elections of directors and all questions shall be decided by the vote of the holders of a majority of the shares of stock present in person or by proxy at the meeting and entitled to vote in the election or on the question.

SECTION 11. Consent of Stockholders in Lieu of Meeting. Except as otherwise provided by law or by the Certificate of Incorporation, any action required to be taken, or which may be taken, at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of shares of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock entitled to vote thereon were present and voted; provided, that prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III.

Board of Directors

SECTION 1. Election and Term. Except as otherwise provided by law or by the Certificate of Incorporation, and subject to the provisions of Sections 13, 14 and 15 of this Article III, directors shall be elected at the Annual Meeting of Stockholders to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualify or until their earlier resignation or removal.

SECTION 2. Qualification. A director need not be the record and beneficial owner of shares of Common Stock of the Corporation. Acceptance of the office of director may be expressed orally or in writing.

SECTION 3. Number. The number of directors may be fixed from time to time by resolution of the Board of Directors but shall not be less than three (3) nor more than nine (9).

SECTION 4. General Powers. The business, properties and affairs of the Corporation shall be managed by the Board of Directors, which, without limiting the generality of the foregoing, shall have power to elect and appoint officers of the Corporation, to appoint and direct agents, to grant general or limited authority to officers, employees and agents of the Corporation, to make, execute and deliver contracts and other instruments and documents in the name and on behalf of the Corporation and over its seal, without specific authority in each case, and, by resolution adopted by a majority of the whole Board of Directors, to appoint committees of the Board of Directors, the membership of which may consist of one or more directors, and which may advise the Board of Directors with respect to any matters relating to the conduct of the Corporation's business. The Board of Directors may designate one or more directors as alternate members of any committee, including those appointed pursuant to Article IV hereof, who may replace any absent or disqualified member at any meeting of the committee. In addition, the Board of Directors may exercise all the powers of the Corporation and do all lawful acts and things which are not reserved to the stockholders by law or by the Certificate of Incorporation.

SECTION 5. Place of Meetings. Meetings of the Board of Directors may be held at any place, within or without the State of Delaware, from time to time designated by the Board of Directors.

SECTION 6. Organization Meeting. A newly elected Board of Directors shall meet and organize, and also may transact any other business which might be transacted at a regular meeting thereof, as soon as practicable after each Annual Meeting of Stockholders, at the place at which such meeting of stockholders took place, without notice of such meeting, provided a majority of the whole Board of Directors is present. If such a majority is not present, such organization meeting may be held at any other time or place which may be specified in a notice given in the manner provided in Section 8 of this Article III for special meetings of the Board of Directors, or in a waiver of notice thereof.

SECTION 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as may be determined by resolution of the Board of Directors, and no notice shall be required for any regular meeting. Except as otherwise provided by law, any business may be transacted at any regular meeting of the Board of Directors.

SECTION 8. Special Meetings; Notice and Waiver of Notice. Special meetings of the Board of Directors shall be called by the Secretary on the request of the Chairman of the Board or the President, or on the request in writing of one-third (1/3) of the other directors stating the purpose or purposes of such meeting. Notice of any special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, not later than three (3) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable or other form of recorded communication or be delivered personally or by telephone, not later than the day before such day of meeting. Notice of any meeting of the Board of Directors need not be given to any director if he shall sign a written waiver thereof either before or after the time stated therein, or if he shall attend a meeting, except when he attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in any notice or written waiver of notice unless so required by the Certificate of Incorporation or by the By-Laws. Unless limited by law, by the Certificate of Incorporation or by the By-Laws, any and all business may be transacted at any special meeting.

SECTION 9. Organization of Meetings. The Chairman of the Board shall preside at all meetings of the Board of Directors at which he is present. If the Chairman of the Board shall be absent from any meeting of the Board of Directors, the duties otherwise provided in this Section 9 of Article III to be performed by him at such meeting shall be performed at such meeting by the officer prescribed by Section 6 of Article V. If no such officer is present at such meeting, one of the directors present shall be chosen by the members of the Board of Directors present to preside at such meeting. The Secretary of the Corporation shall act as the secretary at all meetings of the Board of Directors, and in his absence, a temporary secretary shall be appointed by the chairman of the meeting.

SECTION 10. Quorum and Manner of Acting. Except as otherwise provided by Section 6 of this Article III, at every meeting of the Board of Directors, a majority of the total number of directors constituting the whole Board of Directors shall constitute a quorum, but in no event shall a quorum be constituted by less than two (2) directors. Except as otherwise provided by law or by the Certificate of Incorporation, or by Section 15 of this Article III, or by Section 1 or Section 8 of Article IV, or by Section 3 of Article V, or by Article IX, the act of a majority of the directors present at any such meeting, at which a quorum is present, shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned. Members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by a member of the Board of Directors in a meeting pursuant to this Section 10 of Article III shall constitute his presence in person at such meeting.

SECTION 11. Voting. On any question on which the Board of Directors shall vote, the names of those voting and their votes shall be entered in the minutes of the meeting if any member of the Board of Directors so requests at the time.

SECTION 12. Action Without a Meeting. Except as otherwise provided by law or by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if prior to such action all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or the committee.

SECTION 13. Resignations. Any director may resign at any time upon written notice of resignation to the Corporation. Any resignation shall be effective immediately unless a date certain is specified for it to take effect, in which event it shall be effective upon such date, and acceptance of any resignation shall not be necessary to make it effective, irrespective of whether the resignation is tendered subject to such acceptance.

SECTION 14. Removal of Directors. Any director may be removed, either for or without cause, at any time by action of the holders of a majority of the outstanding shares of stock entitled to vote thereon either at a meeting of the holders of such shares, or, whenever permitted by law and the Certificate of Incorporation, without a meeting by their written consent thereto.

SECTION 15. Filling of Vacancies. Except as otherwise provided by law and the Certificate of Incorporation, in case of any increase in the number of directors, or of any vacancy in the Board of Directors, the additional director or directors may be elected, or, as the case may be, the vacancy or vacancies may be filled, either (a) by the Board of Directors at any meeting by affirmative vote of a majority of the remaining directors though the remaining directors be less than the quorum provided in Section 10 of this Article III, or by a sole remaining director, or (b) by the holders of capital stock of the Corporation entitled to vote thereon, either at an Annual Meeting of Stockholders or at a special meeting of such holders called for that purpose. The directors so chosen shall hold office until the next Annual Meeting of Stockholders and until their successors are elected and qualify or until their earlier resignation or removal.

SECTION 16. Directors' Compensation. All or any directors may receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV.

Committees

SECTION 1. Constitution and Powers. The Board of Directors may, by resolution adopted by affirmative vote of a majority of the whole Board of Directors, appoint one or more committees of the Board of Directors, which committees shall have such powers and duties as the Board of Directors shall properly determine. Members of a committee need not be members of the Board of Directors, but no such committee of the Board of Directors shall be composed of fewer than one (1) director.

SECTION 2. Place of Meetings. Meetings of any committee of the Board of Directors may be held at any place, within or without the State of Delaware, from time to time designated by the Board of Directors or such committee.

SECTION 3. Meetings; Notice and Waiver of Notice. Regular meetings of any committee of the Board of Directors shall be held at such times as may be determined by resolution either of the Board of Directors or of such committee, and no notice shall be required for any regular meeting. Special meetings of any committee shall be called by the secretary thereof upon request of any two members thereof. Notice of any special meeting of any committee shall be in form approved by the Chairman of the Board or the President, as the case may be. Notices of special meetings shall be mailed to each member, addressed to him at his residence or usual place of business, not later than three (3) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable or any other form of recorded communication, or be delivered personally or by telephone, not later than the day before such day of meeting. Neither the business to be transacted at, nor the purpose of, any special meeting of any committee, need be specified in any notice or written waiver of notice unless so required by the Certificate of Incorporation or the By-Laws. Notices of any such meeting need not be given to any member of any committee, however, if waived by him as provided in Section 8 of Article III, and the provisions of such Section 8 with respect to waiver of notice of meetings of the Board of Directors shall apply to meetings of any committee as well.

SECTION 4. Organization of Meetings. The most senior officer of the corporation present, if any be members of the committee, and, if not, the director present who has served the longest as a director, except as otherwise expressly provided by the Board of Directors or the committee, shall preside at all meetings of any committee. The Secretary of the Corporation, except as otherwise expressly provided by the Board of Directors, shall act as secretary at all meetings of any committee, and in his absence, a temporary secretary shall be appointed by the chairman of the meeting.

SECTION 5. Quorum and Manner of Acting. A majority of the members of any committee then in office shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee. In the absence of a quorum, a majority of the members of any committee present, or if two or fewer members shall be present, any member of the committee present or the Secretary may adjourn any meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given other than by announcement at the meeting that is being adjourned. The provisions of Section 10 of Article III with respect to participation in a meeting of a committee of the Board of Directors and the provisions of Section 12 of Article III with respect to action taken by a committee of the Board of Directors without a meeting shall apply to participation in meetings of and action taken by any committee.

SECTION 6. Voting. On any question on which any committee shall vote, the names of those voting and their votes shall be entered in the minutes of the meeting if any member of such committee so requests.

SECTION 7. Records. All committees shall keep minutes of their acts and proceedings, which shall be submitted at the next regular meeting of the Board of Directors unless sooner submitted at an organization or special meeting of the Board of Directors, and any action taken by the Board of Directors with respect thereto shall be entered in the minutes of the Board of Directors.

SECTION 8. Vacancies. Any vacancy among the appointed members or alternate members of any committee of the Board of Directors may be filled by affirmative vote of a majority of the whole Board of Directors.

SECTION 9. Members' Compensation. Members of all committees may receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any member of any committee from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE V.

The Officers

SECTION 1. Officers--Qualifications. The elected officers of the Corporation shall be a Chairman of the Board, a Vice Chairman of the Board, a President, a Secretary and a Treasurer. The elected officers shall be elected by the Board of Directors. The Chairman of the Board, the Vice Chairman of the Board and the President shall be selected from the directors. The Board of Directors may elect or appoint one or more Vice Presidents and such other officers as may be deemed necessary. Assistant Secretaries, Assistant Treasurers and other officers and agents may be appointed by the Board of Directors or may be appointed pursuant to Section 6 of this Article V.

SECTION 2. Term of Office; Vacancies. So far as is practicable, all elected officers shall be elected at the organization meeting of the Board of Directors in each year, and except as otherwise provided in Sections 3 and 4, and subject to the provisions of Section 6 of this Article V, shall hold office until the organization meeting of the Board of Directors in the next subsequent year and until their respective successors are elected and qualify or until their earlier resignation or removal. All appointed officers shall hold office during the pleasure of the Board of Directors and the Chairman of the Board. If any vacancy shall occur in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term.

SECTION 3. Removal of Elected Officers. Any elected officer may be removed at any time, either for or without cause, by affirmative vote of a majority of the whole Board of Directors, at any regular meeting or at any special meeting called for the purpose.

SECTION 4. Resignations. Any officer may resign at any time, upon written notice of resignation to the Corporation. Any resignation shall be effective immediately unless a date certain is specified for it to take effect, in which event it shall be effective upon such date, and acceptance of any resignation shall not be necessary to make it effective, irrespective of whether the resignation is tendered subject to such acceptance.

SECTION 5. Officers Holding More than One Office. Any officer may hold two or more offices, the duties of which can be consistently performed by the same person.

SECTION 6. Chairman of the Board. The Chairman of the Board shall formulate and submit to the Board of Directors matters of general policy of the corporation and shall perform such other duties as may be prescribed by the Board of Directors as provided in Section 5 of Article II, he shall act as chairman at all meetings of the stockholders at which he is present, and, as provided in Section 9 of Article III, he shall preside at all meetings of the Board of Directors at which he is present. In the absence of the Chairman of the Board, his duties shall be performed and his authority may be exercised by the Vice Chairman of the Board or by such person as may have been designated by the Board of Directors.

SECTION 7. Vice Chairman of the Board. The Vice Chairman of the Board shall assist the Chairman of the Board and shall perform such duties as may be assigned to him by the Chairman. In the absence of the Chairman of the Board, the Vice Chairman shall have the powers and perform the duties of the Chairman of the Board.

SECTION 8. The President. The President shall be the chief executive officer of the Corporation. He shall direct, coordinate and control the Corporation's business and activities and its operating expenses and capital expenditures, and shall have general authority to exercise all the powers necessary for the chief executive officer of the Corporation, all in accordance with basic policies established by and subject to the control of the Board of Directors. He shall have general authority to execute bonds, deeds and contracts in the name and on behalf of the Corporation.

SECTION 9. Vice Presidents. The Vice Presidents shall assist the President and shall perform such duties as may be assigned to them by the President or by the Board of Directors. In the absence of the President, the Vice President designated by the Board of Directors or (if there be no such designation) designated in writing by the President shall have the powers and perform the duties of the President. If no such designation shall be made all Vice Presidents may exercise such powers and perform such duties.

SECTION 10. The Secretary. The Secretary shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors and committees thereof, and as provided in Section 5 of Article II and Section 9 of Article III, shall keep minutes of all proceedings at meetings of the stockholders and of the Board of Directors at which he is present, as well as of all proceedings at all meetings of such other committees of the Board of Directors which he has served as secretary, and where some other person has served as secretary thereto, the Secretary shall maintain custody of the minutes of such proceedings. As provided in Section 2 of Article VII, he shall have charge of the corporate seal and shall have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. He shall generally perform all the duties usually pertaining to the office of secretary of a corporation. In the absence of the Secretary, such person as shall be designated by the Chairman of the Board shall perform his duties.

SECTION 11. The Treasurer. The Treasurer shall have the care and custody of all the funds of the Corporation and shall deposit the same in such banks or other depositories as the Board of Directors or any officer or officers, or any officer and agent jointly, duly authorized by the Board of Directors shall, from time to time, direct or approve. He shall keep a full and accurate account of all monies received and paid on account of the Corporation, and shall render a statement of his accounts whenever the Board of Directors shall require. Except as otherwise provided by the Board of Directors or in the Corporation's plan of organization, he shall perform all other necessary acts and duties in connection with the administration of the financial affairs of the Corporation and shall generally perform all the duties usually pertaining to the office of the treasurer of a corporation. Whenever required by the Board of Directors, he shall give bonds for the faithful discharge of his duties in such sums and with such sureties as the Board of Directors shall approve. In the absence of the Treasurer, such person as shall be designated by the Chairman of the Board shall perform his duties.

SECTION 12. Additional Duties and Authority. In addition to the foregoing specifically enumerated duties and authority, the several officers of the Corporation shall perform such other duties and may exercise such further authority as the Board of Directors may, from time to time, determine, or as may be assigned to them by any superior officer.

SECTION 13. Compensation. Except as fixed or controlled by the Board of Directors or otherwise, compensation of all officers and employees shall be fixed by the Chairman of the Board, or by the President within limits approved by the Chairman of the Board, or by other officers of the Corporation exercising authority granted to them under the plan of organization of the Corporation.

ARTICLE VI.

Stock and Transfers of Stock

SECTION 1. Stock Certificates. The capital stock of the Corporation shall be represented by certificates signed by, or in the name of the Corporation, by the Chairman of the Board, or the President, and by the Secretary or an Assistant Secretary or by the Treasurer or an Assistant Treasurer, and sealed with the seal of the Corporation. If such stock certificate is countersigned by a Transfer Agent other than the Corporation or its employee or by a Registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile, engraved or printed. Such seal may be a facsimile, engraved or printed. In case any such officer, Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, Transfer Agent or Registrar before such certificate is issued by the Corporation, it may nevertheless be issued by the Corporation with the same effect as if such officer, Transfer Agent or Registrar had not ceased to be such at the date of its issue. The certificates representing the capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors.

SECTION 2. Transfers of Stock. Transfers of stock shall be made on the books of the Corporation by the person named in the certificate, or by an attorney lawfully constituted in writing, and upon surrender and cancellation of a certificate or certificates for a like number of shares of the same class or series of stock, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and with such proof of the authenticity of the signatures of the Corporation as its agents may reasonably require and with all required stock transfer tax stamps affixed thereto and canceled or accompanied by sufficient funds to pay such taxes.

SECTION 3. Lost Certificates. In case any certificate of stock shall be lost, stolen or destroyed, the Board of Directors, in its discretion, or any officer or officers thereunto duly authorized by the Board of Directors, may authorize the issue of a substitute certificate in place of the certificate so lost, stolen or destroyed; provided, however, that in each such case, the applicant for a substitute certificate shall furnish evidence to the Corporation, which it determines in its discretion is satisfactory, of the loss, theft or destruction of such certificate and of the ownership thereof, and also such security or indemnity as may be required by it.

SECTION 4. Determination of Holders of Record for Certain Purposes. In order to determine the stockholders or other holders of securities entitled to receive payment of any dividend or other distribution or allotment or any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of capital stock or other securities or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, not more than sixty (60) days prior to the date of payment of such dividend or other distribution or allotment of such rights or the date when any such rights in respect of any change, conversion or exchange of stock or securities may be exercised, and in such case, only holders of record on the date so fixed shall be entitled to receive payment of such dividend or other distribution or to receive such allotment of rights or to exercise such rights, notwithstanding any transfer of any stock or other securities on the books of the Corporation after any such record date fixed as aforesaid.

ARTICLE VII.

Corporate Seal

SECTION 1. Seal. The seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation and in the center of the circle the words "Corporate Seal, Delaware" and the figures "1980."

SECTION 2. Affixing and Attesting. The seal of the Corporation shall be in the custody of the Secretary, who shall have power to affix it to the proper corporate instruments and documents, and who shall attest it. In his absence, it may be affixed and attested by an Assistant Secretary or by the Treasurer or an Assistant Treasurer or by any other person or persons as may be designated by the Board of Directors.

ARTICLE VIII.

Miscellaneous

SECTION 1. Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors of the Corporation.

SECTION 2. Signatures on Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officers or agents and in such manner as from time to time may be prescribed by resolution (whether general or special) of the Board of Directors, or may be prescribed by any officer or officers, or any officer and agent jointly, duly authorized by the Board of Directors.

ARTICLE IX.

Amendments

The By-Laws may be altered, amended or repealed at any Annual Meeting of Stockholders or at any special meeting of holders of shares of stock entitled to vote thereon, provided that in the case of a special meeting, notice of such proposed alteration, amendment or repeal be included in the notice of meeting by a vote of the holders of a majority of the shares of stock present in person or by proxy at the meeting and entitled to vote thereon or (except as otherwise expressly provided in any By-Law adopted by the Stockholders) by the Board of Directors at any valid meeting by affirmative vote of a majority of the whole Board of Directors.

The undersigned, duly qualified and acting Secretary of CoCa Mines Inc., a Delaware corporation, hereby certifies the foregoing to be a true and complete copy of the By-laws of the said CoCa Mines Inc. in effect on this date.

/s/ J. Christopher Mitchell
Secretary

Dated: June 27, 1980

EXHIBIT E

PROMISSORY NOTE

$____________________

FOR VALUE RECEIVED, the undersigned, CoCa Mines, Inc. ("CoCa"), promises to pay to the order of ____ the principal sum of ______________________________ Dollars ($____________), without interest thereon, due and payable in full on or before September 30, 1985. All sums shall be tendered at whatever address the Holder of this Note may from time to time specify.

This Note is one in a series of notes of even date herewith in the aggregate principal amount of not more than $1,195,561.00. This Note may be prepaid, in whole or in part, at any time without penalty. CoCa shall be obligated, on or before ninety (90) days following the close of each fiscal year of CoCa, to prepay this Note, together and proportionately with other notes of such series, to the extent of one-half (1/2) of CoCa's cash flow in excess of One Million Dollars ($1,000,000.00) for such fiscal year. For such purpose, cash flow shall be determined from the regular books and accounts of CoCa in accordance with customary procedures and definitions, and the amount thereof shall be certified in writing each year to the Holder of this Note by the principal financial officer of CoCa.

Presentment for payment, demand, notice of dishonor and protest and notice of protest and nonpayment are hereby waived by CoCa. All expenses of collection, with or without suit, including reasonable attorneys' fees, shall be paid by the parties liable for the payment of this Note.

DATED this 30th day of September, 1980.

CoCa MINES, INC.

By______________________________

METALS ACQUISITION PROGRAM -- 1982-1984

(a proposed Colorado limited partnership)

B-3

CoCa Mines

CoCa Mines Inc. • 1100 Denver Center Building • 1776 Lincoln Street • Denver, Colorado 80203 • (303) 861-5400

December 14, 1981

METALS ACQUISITION PROGRAM -- 1982-1984

(a proposed Colorado limited partnership)

CoCa Mines offers participation in a $9 million 1982-84 metals acquisition program directed primarily toward silver and gold. We believe precious metals over the long term will enjoy a strong market relative to other metals and non-mineral commodities.

Only projects offering the geologic possibility of large financial reward will be considered. Political risks throughout the world influence the concentration of our effort in the United States. The current low prices of silver and gold enhance the opportunity to acquire quality reserves.

OUR RECORD

The exploration programs of CoCa Mines, operating as Congdon and Carey, were among the most successful in the mining industry from 1965 to 1980 measured on the basis of the metal values found per dollar expended.

Six million dollars were spent on exploration and acquisition in that period. Mineral reserves--primarily silver--with a gross value of more than two billion dollars were acquired. Three quarters of these reserves have been put into production at a capital cost of $185 million; the remaining reserves can be produced profitably at a modest increase in metals prices from their present levels. From another perspective--if all CoCa's exploration expenditures over 15 years are allocated to the net silver reserves held today by CoCa and the Congdon and Carey Partners, less than $0.10 per ounce was spent to acquire "silver in the ground."

See Exhibit 1 for case histories of four properties developed by our group.

An experienced technical staff, greatly expanded in the past year, gives CoCa a competitive edge. See Exhibit 11 for the professional background of personnel.

THE DEAL

CoCa will serve as the General Partner of a limited partnership whose purpose is the acquisition and development of economically viable mineral deposits with primary emphasis on gold and silver. Our objective--either through the partnership or through subsequently organized ventures in which the partnership will have retained an interest--is to develop and operate producing mines.

Limited Partners will pay 85 percent of the cost of acquisition, exploration and other engineering expenses incident to the completion of feasibility studies of each project. They will be entitled to 85 percent of the cash flow to the partnership from each property until they recover those expenditures. Thereafter, the Limited Partners will own a 50 percent interest. The General Partner and its two principal shareholders will bear 15 percent of the cost of acquisition and exploration and will own a 50 percent interest in each property after pay-out. If the partners choose to develop the project upon completion of a project feasibility study, the Limited Partners will provide 50 percent of the equity funds required therefor and the General Partner and its two principal shareholders will provide the remaining 50 percent of equity funds.

CoCa will assign to the partnership at its cost the options and leasehold interest in two projects and its general partnership interests in two others.

As General Partner, CoCa will be paid an amount equal to five percent of partnership expenditures as made for general and administrative services to the partnership. CoCa will also charge the partnership the base salaries of all personnel performing direct services for the partnership, together with the cost of their fringe benefits and other payroll expenses. These payments are not intended to result in profit to the General Partner, but no attempt will be made to compute the exact cost of such services.

The development and production of a commercially minable deposit will require substantial additional financing. Upon completion of a favorable feasibility study and mining plan, CoCa will recommend a budget and offer to the partners the first opportunity to provide such additional financing in proportion to their ultimate ownership of the project. With the approval of partners holding 80 percent of such ultimate interest in the project, CoCa will implement the recommended plan. The interests of those partners who decide not to participate will be diluted to interests proportionate to their financial contributions to the total acquisition, exploration and development cost of the project.

Should CoCa require under the above circumstances third party financing of its own equity in the development of the project, the Limited

Partners will have the first right to negotiate their provision of CoCa's share of development funds.

If partners holding 80 percent of the ultimate interest in a project do not choose to provide the additional development financing, that opportunity will be offered to third parties. The interests of the General Partner and Limited Partners will be diluted under these circumstances. CoCa shall have the unrestricted authority to determine the terms of any arrangement under which a third party would undertake to conduct commercial development of a project.

The General Partner will call upon all partners for capital funds as needed, provided no more than $4 million will be called for in any calendar year. Upon the exhaustion of committed funds, additional capital needed to maintain projects or continue their development through the completion of final feasibility studies will be raised by the General Partner, either through the solicitation of funds from all the partners in proportion to their ultimate project interests or from third parties in the same manner as described above. If funds remain unexpended on the third anniversary of the partnership, they will be distributed to partners, or by unanimous consent reserved for future use.

The program will be initiated upon the commitment of a minimum of $6 million to the three year effort. Subscription will be closed on or before May 31, 1982.

During the term of the partnership, neither CoCa nor its shareholders participating in the partnership through CoCa may acquire any mineral property in the United States for purposes of mineral exploration if the remaining uncommitted capital of the partnership is sufficient to cover the cost of acquisition and initial exploration of such property unless that property is located within 10 air miles from the boundary of a property now held by CoCa or its associates. Upon the commitment of all the capital of the partnership to the acquisition, exploration and development of specific properties, CoCa and its associates will be free to acquire for their own account any mineral property. Notice of such total commitment will be sent in writing to all participants.

THE PROGRAM

CoCa intends to acquire mineral interests in properties whose economic potential is at least partially indicated by previous exploration, development or production. The risk of "wildcat exploration" will be minimized.

Four properties are already in hand for the account of the partnership. See Exhibit 11 for detailed description. Three have produced metals in the past. Reserves have been established on one, and encouraging exploration data has been developed on the other three.

Processing of new prospects is a routine continuation of our twenty year operation. It is expected other attractive opportunities will be developed through this effort. The evaluation of all projects proceeds through a number of successive phases as favorable data is accumulated and additional expenditures can be justified.

Initial budget commitments for first phase of the program only are:

Middle Buttes Project	$350,000
Hardscrabble Project	500,000
Jerome Project	300,000
Luning Project	150,000
Additional Projects	400,000

Greater expenditure in 1982 will depend on first phase results. Cash requirement will increase as favorable data is developed.

RISK

There is risk in the proposed metals acquisition program. In the event of success, reward will not be immediate. Development of new mineral reserves often must await favorable commodity prices. Metallurgical research, financing, sales agreements--all necessary to convert an orebody into an economic enterprise--are time-consuming.

In the initial phase, most expenditures will be categorized as exploration or mine development and can be expensed against other taxable income.

It is our conviction that the acquisition and development of precious metals reserves can be an achievement of significant economic importance. Your thoughtful consideration of this proposal is appreciated.

The formal offering of limited partner participation in the partnership will be made by a complete private placement memorandum and completion of the offering will be preceded by compliance with all legal requirements.

Very truly yours,

CoCa MINES INC.

Hugh J. Matheson, President

EXHIBIT 1

EQUITY SILVER MINE--Silver, Copper and Gold

Location: Omineca Mining Division, British Columbia

Acquisition:

In 1967 a subsidiary of Kennecott Copper discovered mineralization as a result of stream sediment and soil sampling over a wide area of British Columbia. Mining claims covering 13,000 acres were staked. Drilling through heavily forested soil cover disclosed inferred reserves of modest ore grade and moderate volume. Discouraged by unsuccessful metallurgical tests, Kennco offered the project for farmout in 1972. Several mining companies spurned the property, but Congdon and Carey with a Canadian partner, Equity Mining Capital Limited, agreed to spend a minimum of $250,000 on drilling and metallurgical research provided they could earn a 50 percent ownership of the property upon the expenditure of $1,100,000 (Canadian) over a four-year period.

Exploration Program

Drilling resumed in early 1973 and accelerated as unusually favorable results were obtained. The program included 35,000 feet of diamond drilling and 580 feet of tunneling while metallurgical research was conducted at laboratories in Vancouver and Denver. By the time Congdon and Carey and its partner had expended $600,000, the presence of a commercially minable deposit of at least moderate size was assured and economic risk thereafter was greatly reduced.

By mid-1974, the following ore reserves minable by open-pit methods to a maximum depth of 400 feet had been proven: 30,800,000 tons grading 3.10 ounces per ton silver, 0.03 ounces per ton gold and 0.38 percent copper. Congdon and Carey and its Canadian partner had expended $1,100,000 and earned a 50 percent interest in the property. Kennco opted to take a 30 percent carried working interest after pay-out rather than participate in additional development expenditures. Encouraged by the Canadian government and business community to develop a new independent Canadian mining company, Equity Mining Capital and Congdon and Carey expended an additional $4,200,000, including $2,300,000 loaned by the Bank of Montreal, on extensive pilot plant operations and the detailed engineering necessary to place the property into production. However, this small exploration/development group lacked the credit to obtain financial commitments matching the construction and marketing requirements of the project. Accordingly, in late 1978, the project was turned over to Placer Development Limited, a major Canadian mining company, who repaid the bank indebtedness of the exploration joint venture, purchased the interest of Kennco for $5,100,000 and took a 70 percent equity interest in Equity Silver Mines Limited--the new corporation to own, develop and operate the project under the aegis of Placer Development.

Current Status

A 5,500 tons per day open pit mine, together with a flotation concentrator and leach plant for the removal of antimony and arsenic from the concentrate, were constructed in 1979-80. Production began in late 1980. Placer Development initially advanced the $132,200,000 for mine development by the purchase of preferred stock from Equity Silver Mines Limited. Upon attainment of production, three large North American commercial banks extended credit to Equity Silver Mines Limited sufficient o permit Equity to repurchase $100,000,000 of the outstanding preferred stock. The Equity Mine today is the largest producer of silver in North America at an all-inclusive operating cost per ounce of silver well below the industry average. Bank indebtedness is currently being paid down. Assuming metals prices of $8 per ounce silver, $425 per ounce gold and $0.85 per pound copper, all bank term indebtedness and preferred shares will be retired by 1985. Even modestly higher metals prices will greatly accelerate this payout.

Congdon and Carey partners and the former shareholders of Equity Mining Capital Limited held 2,479,800 common shares, or 30 percent of the issued shares, of Equity Silver Mines Limited. These have traded in the range of $8.75 to $66.00 (Canadian) per share within the last two years and are now quoted at $16.00 per share.

The predecessor of CoCa Mines Inc. invested $300,000 of tax deductible exploration risk capital before gaining the reasonable assurance of financial security in the project. An additional $250,000 was expended to earn a 25 percent interest in the property which became, at the option of Kennco, a 50 percent interest in the property subject to a 15 percent back-in net profits interest after pay-out. CoCa's predecessor went on to invest an additional $950,000 in the project before turning it to Placer Development Limited. Soon thereafter, some 36,000 shares of Equity Silver Mines Limited were sold for $1,500,000 in order that CoCa's predecessors might recapture their investment in the project. Today CoCa Mines Inc. holds 1,121,145 common shares of Equity Silver Mines Limited, representing approximately 14 percent of the equity in this company.

CANDELARIA PARTNERS MINE--Silver and Gold

Location: Mineral County, Nevada

Acquisition:

This old camp in western Nevada produced an estimated $20,000,000 of silver in the late 19th century from underground workings in small, high-grade orebodies. From 1950 to 1970, several mining companies attempted to assemble the working interests in the several patented claim groups constituting the project area. Aided by major oil and mining company support, these companies drilled sixty-six exploratory holes which indicated the presence of low-grade silver ore. However, the terms of the mineral leaseholds were very expensive and the last of these companies dropped the project in 1970.

Congdon and Carey thereupon negotiated reasonable agreements with the two corporate and three individual property owners and planned an exploration program to begin in 1971.

Exploration Program

Old photos were studied and the caved entrance to the workings of the Mt. Diablo Mine reopened. Thirty tons of samples were cut and backpacked from underground. Geologic control of the mineralization was determined by detailed mapping. Drilling then resumed, guided by this newly-gained control.

The silver occurs in association with iron oxides in manganese minerals occupying fine fractures in the shaly Candelaria formation. With the completion of 24,000 feet of drilling and the expenditure of $540,000 for acquisition and exploration, the indicated reserves available to open pit mining to a depth of 300 feet were: 13,000,000 tons grading 3.00 ounces per ton silver and a trace of gold. Additional exploration targets remain to be explored, including the possibility of much larger reserves of lower grade material.

Extraction of the silver from the complex minerals at Candelaria had always been difficult. The U.S. Bureau of Mines at Reno conducted a number of tests for Congdon and Carey to examine the feasibility of a low capital and operating cost leach of crushed ore.

A partnership was formed in 1976 between Occidental Minerals Corporation, a wholly-owned subsidiary of Occidental Petroleum Corporation, and Congdon and Carey. Occidental undertook to finance the partnership; that company could earn a 40 percent interest in Candelaria Partners upon expending $1,200,000 and an additional 20 percent interest upon committing to place the project in operation. The partnership conducted additional drilling to prove the above-indicated ore reserves. The technique of heap leaching this material was also determined and construction began in 1979 of an 8,000 tons per day mining and heap leaching operation. At this point the value of Congdon and Carey's investment was assured.

Current Status

Construction was completed at a capital cost of $40,000,000 and production began in late 1980. Average annual production from the project is 2,500,000 ounces silver and 8,000 ounces gold. Operating costs per unit of metals production, though permitting profitable operations today, are somewhat above the precious metals industry average.

Congdon and Carey expended $540,000 on this project. Its successors are drawing eight percent of the net income from the project during the time Occidental Minerals Corporation is recovering its capital investment. Thereafter, CoCa Mines Inc. and its associates will be entitled to the full benefit of their 40 percent limited partnership interest.

GILT EDGE PROJECT--Gold

Location: Lawrence County, South Dakota

Acquisition:

Both underground and open pit mining were conducted intermittently at Gilt Edge from 1897 to 1941. The property is comprised of patented and unpatented mining claims covering 830 acres five miles from the famed Homestake Mine. The Gilt Edge claims are owned by a moribund mining company and a scrap metals corporation. Congdon and Carey in 1971 concluded an unsuccessful exploration program on the property directed toward copper and molybdenum mineralization beneath the previously-worked gold deposits and terminated its agreements with the owners. In 1975, the change in relative metals prices renewed interest in the property, particularly in the near-surface gold mineralization. Cyprus Mines requested the aid of Congdon and Carey in renegotiating the complicated minerals leaseholds. New agreements were reached providing for exploration work commitments, advance royalties and earned royalties on a sliding scale of four percent to eight percent. The properties can be purchased for a total of $3,800,000, the earned royalties applying to the purchase prices. Congdon and Carey is participating with Cyprus, taking a 20 percent working interest in the venture, and under certain circumstances, would be entitled to a 2 percent overriding royalty.

Exploration Program

Cyprus and Congdon and Carey have drilled 231 exploratory holes totalling 62,000 feet. Exploration has focused on the definition of a target which can be mined by open pit methods to a depth of approximately 300 feet. By the close of 1980 the following ore reserves to that depth had been indicated: 11,000,000 tons grading 0.05 ounces per ton gold. Deeper drilling in 1981 has indicated reserves of three to four times that grade that could be mined by underground methods. A total of $1,900,000 has been spent on the project since 1975. Metallurgical testing began in 1978 and has included large scale heap leach and column tests as well as laboratory investigations. An average recovery of 60 percent of the gold in a heap leaching operation is anticipated.

Current Status

The final feasibility study of this project is expected to be complete in early 1983. Standard Oil Company of Indiana (Amoco) has purchased Cyprus Mines. The State of South Dakota this year enacted a six percent gross severance tax on gold and silver. These factors may lead to Amoco's dropping out of the joint venture. In that event, CoCa Mines would be pleased to acquire the property and readdress the economic feasibility of the project. The exploration data indicate a smaller scale operation directed toward the higher grade gold mineralization would be profitable.

FLATHEAD PROJECT--Silver, Zinc and Lead

Location: Flathead County, Montana

Acquisition:

The Anaconda Company acquired a portion of the property long ago and conducted underground mining operations from 1929 to 1946. A lessee then continued shipments of ore from an open pit from 1958 to 1975. The Flathead Mine produced approximately 300,000 tons of ore containing 30 ounces silver per ton, shipping directly to Montana smelters without concentration. Congdon and Carey geologists noted the similarity of the geological environment to those in which they had already discovered large tonnage, low grade precious metals reserves. Long term leases were negotiated in 1975 with Anaconda, the Burlington Northern and a lessee from the State of Montana covering 6,720 acres of fee simple mineral rights and providing for work commitments, advance royalties and an earned royalty of five percent.

Exploration Program

Congdon and Carey drilled 45 diamond drill holes totalling 24,600 feet and reopened three of the eleven levels of the old Flathead Mine, as well as workings of smaller mines in the district. This program and all acquisition costs required expenditures of slightly more than $1,000,000. Proven and indicated ore reserves by late 1978, for the most part accessible only by underground mining methods, were: 6,000,000 tons grading 6.0 ounces per ton silver, 0.03 ounces per ton gold and perhaps 2.7 percent combined lead and zinc. Considerable additional exploration was warranted.

The then estimated cost of completing a feasibility study of a relatively large underground mining operation and the development of that project to production was beyond the means of Congdon and Carey. Therefore, agreement was reached with Superior Oil Company in early 1979 to form a partnership for the further exploration and development of the properties. Superior could earn a 75 percent working interest after pay-out in the partnership by spending $1,000,000 on the project by 1981; Congdon and Carey would retain at no additional cost a 25 percent carried working interest after pay-out. The latter also has the option to repurchase an additional 24 percent of the working interest by reimbursing Superior one-third of its expenditures in excess of $1,000,000 and contributing one-third of additional development capital, all ninety days after notice from Superior that it is committed to placing the property into commercial production.

Current Status

Superior has expended to date $3,200,000 on further definition of ore reserves, including two open pit reserves which appear to be the most logical sources of initial feed to a concentrator. The final feasibility study is not anticipated until the early months of 1983. The investment of Congdon and Carey in this project must still be considered at risk, but there is every indication a mining operation at Flathead will be economically feasible.

EXHIBIT 11

Personnel

THOMAS E. CONGDON (age 55), Chairman of the Board of Directors of CoCa Mines Inc., has spent his entire business career in minerals resources enterprises. In 1961, Mr. Congdon and Mr. Carey, working with Dolf W. Fieldman, founded the first of a series of Congdon and Carey limited partnerships engaged in non-hydrocarbon minerals exploration. Mr. Congdon is also the President and Chief Executive Officer, as well as a Director, of St. Mary Parish Land Company, a corporation concerned with oil and gas exploration and production and real estate development and ownership. He is a director of several corporations in the United States and Canada engaged in the mining, agricultural and banking industries.

WILLIAM J. CAREY (age 56), Vice Chairman of the Board of Directors, has been active in oil and gas exploration and production since 1950 as an employee of a public company and, later, as an independent operator. As mentioned above, Mr. Carey has participated since 1961 in the management of the Congdon and Carey partnerships engaged in metals exploration. He is the principal shareholder of a fabricator of aluminum and textile goods and holds investments in cattle, real estate and finance.

HUGH J. MATHESON (age 53), Director, President and Chief Executive Officer of CoCa Mines Inc., is a mining engineer with twenty-eight years of experience in mining management and the direction of exploration programs. From 1969 to 1980, Mr. Matheson was Vice President-Exploration and a Director of Placer Amex, Inc., the U.S. subsidiary of Placer Development Limited which conducts mineral exploration and manages mining properties in the United States for its parent. From 1977 until his employment with CoCa, Mr. Matheson also served as Manager of Exploration for Placer Development Limited in Vancouver, responsible for worldwide exploration activities and an annual budget of $12,000,000. Mr. Matheson bore primary responsibility for the acquisition of exploration projects and ore reserves developed by others which have served as the foundations for such new operations of Placer Development and its affiliates as the Equity Silver mine in British Columbia, the Real de Angeles silver mine in Zacatecas, Mexico, the McDermitt mercury mine in Oregon and the Golden Sunlight gold mine in Montana. He also supervised exploration activity relating to the Kidston gold mine in Australia and the Porgera Gold Project in Papua, New Guinea.

DOLF W. FIELDMAN (age 56), Director and Consulting Geologist, has served CoCa Mines and Congdon and Carey in this capacity since the founding of the latter in 1961. Mr. Fieldman is the geologist primarily responsible for the identification of the exploration potential of the Candelaria Partners mine and the Equity Silver mine. In addition to guiding the initial Congdon and Carey exploration program at Candelaria, he has conducted similar successful precious metals exploration efforts in Colorado, Montana and South Dakota. Mr. Fieldman will devote at least 60 percent of his consulting time and all his generative exploration concepts to the CoCa Mines 1982-83 Acquisition/Exploration Program.

ROBERT A. RIVERA (age 41), Vice President-Exploration, holds degrees from the University of California at Berkeley in mining engineering and engineering science-mineral technology. He specialized initially in geophysics and became the chief geophysicist of Placer Development Limited. Mr. Rivera's duties later evolved to the analysis of exploration data to determine the economic merits of properties. In the three years before joining CoCa Mines Inc., he served as the manager of a precious metals exploration program for Resource Associates of Alaska, employing thirty geologists, geophysicists, engineers and other personnel.

J. CHRISTOPHER MITCHELL (age 41), Vice President-Administration and Secretary, earned undergraduate and graduate degree from the University of British Columbia in chemistry, chemical metallurgy and business administration. He has been employed in these capacities by Bralorne Resources Limited, Equity Mining Capital Limited in Canada and BHAS Pty. Ltd. in Australia. His duties for CoCa Mines range from exploration project property acquisitions to the supervision of metallurgical testwork and the negotiation of product sales contracts.

LEIGH W. FREEMAN (age 32), Manager-Project Development, has worked as a geophysicist and mining engineer for several companies of the Placer Development Limited group where he became one of a handful of persons responsible for identifying new opportunities and objectives for minerals exploration.

CHARLES F. BAUER (age 33), Project Geologist, has supervised geophysical and geochemical surveys, geological mapping and sampling, and drilling programs throughout the western United States and Canada. He is also experienced in title search.

F. PATRICK CROWLEY (age 34), Project Geologist, began with Congdon and Carey as a geological assistant in 1975, later completing his education in geology. He has served as a project manager of several Congdon and Carey exploration efforts in the western United States.

EXHIBIT III

1982-84 Acquisition/Exploration Projects

Note: More complete reports and exploration data are available in the Denver office of CoCa Mines Inc.

MIDDLE BUTTES PROJECT--Gold and Silver

Location: Kern County, California

Acquisition:

Gold was discovered in 1894 on Soledad Mountain in the Mojave Mining District; many small mines operated there and on Tropico Hill only until 1910. Mining was resumed in the 1930's when the Cactus Queen and other orebodies were discovered on the Middle Buttes. Developed in 1936 by the Mudd interests, a 250 tons per day mill at the Cactus Queen operated until its closure in 1942 with the outbreak of World War II. Reopened in 1947, the mine could not overcome the inflation of operating costs during the war years.

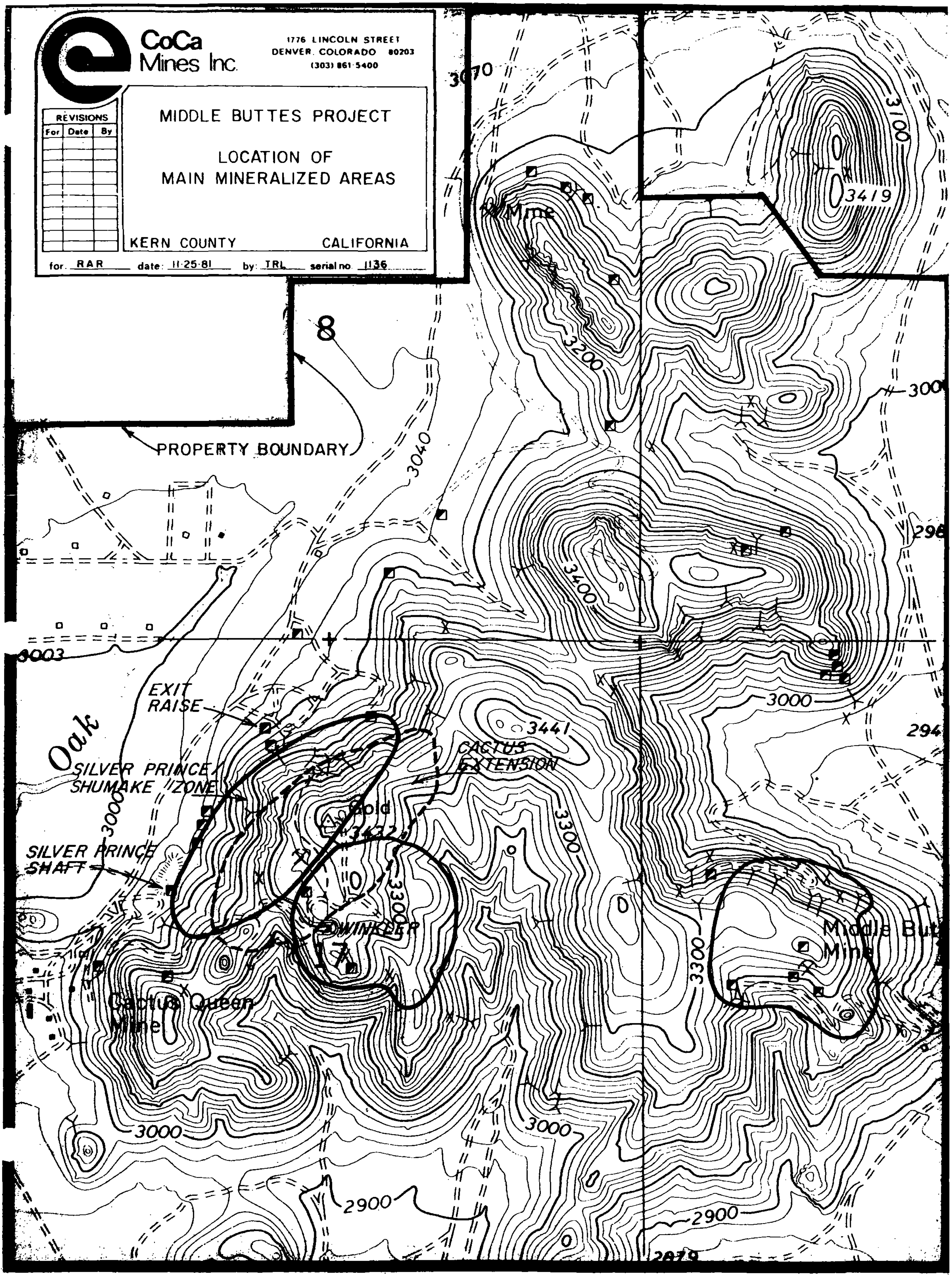
A lengthy and detailed reconnaissance of western U.S. gold mining camps by Dolf Fieldman led Congdon and Carey to choose the Middle Buttes area in 1979 as the target for exploration in search of another large tonnage, low grade precious metals ore deposit. Late in that year, negotiations began with nine separate multiple ownerships of the fee simple minerals and surface. A few unpatented mining claims were located on the only federal minerals. The working interest in 1,580 acres has been obtained to date. Work commitments on the leased lands have been completed. Minimum advance royalties to all land owners are approximately $25,000 annually. Earned royalties range from 2-1/2 percent on low grade material to 12-1/2 percent on ore from which net smelter returns of $125 or more per ton are recovered; the latter dollar figure escalates upward from 1979 with the Consumer Price Index.

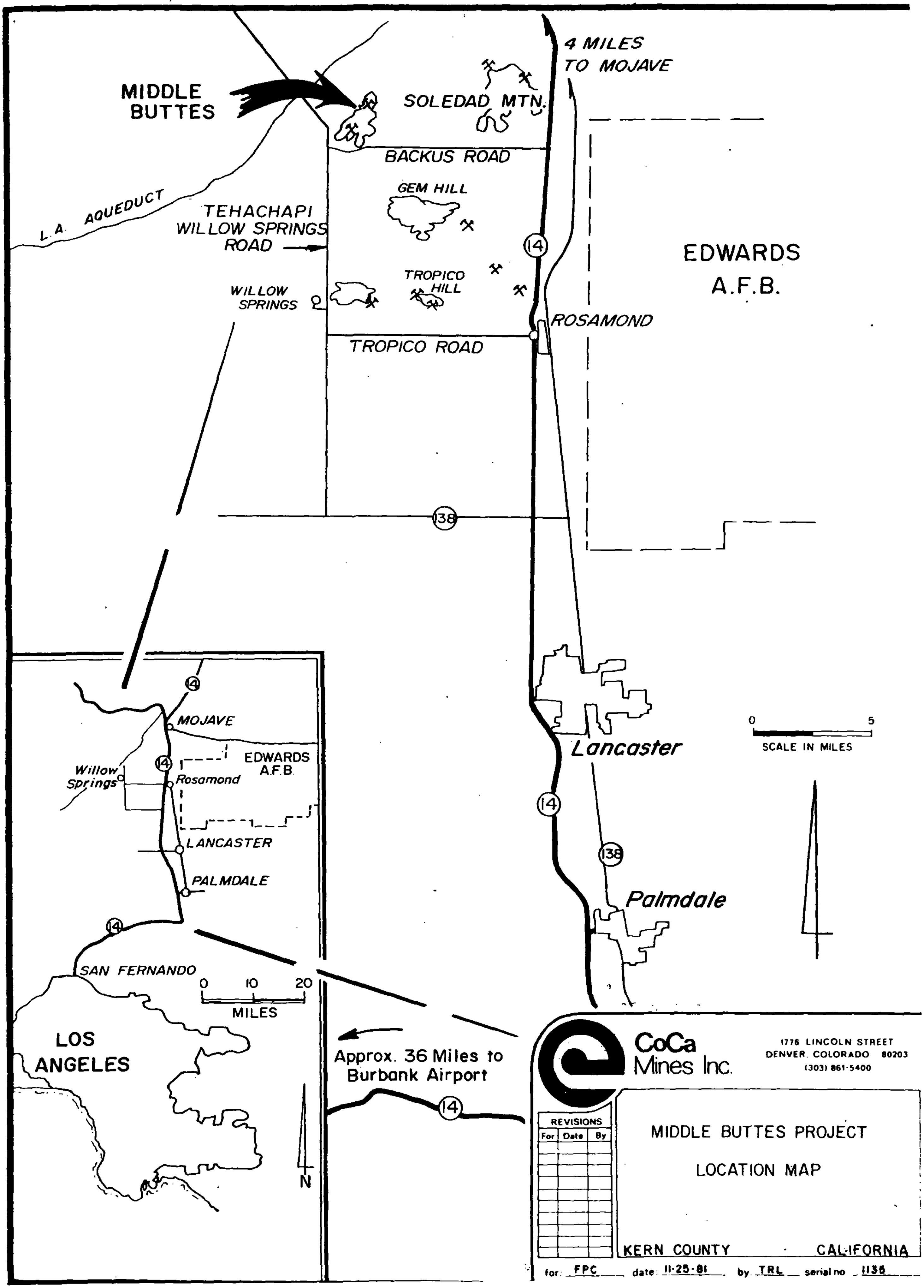
Exploration Program

The classic geological interpretation of the district attributed mineralization to hydrothermal epigenetic activity at the contact of volcanic sediments and intrusive rocks. Reinterpretation suggests the "intrusive rocks" are, in fact, strongly altered volcanics and the mineralization is largely syngenetic. This new interpretation greatly increases the exploration potential of the area, suggesting four separate mineralized zones may occur as silicified hot spring aprons have large areal extent. An initial widely-spaced exploratory drilling program was undertaken in 1980-81. To date, 32 rotary and 11 diamond drill holes have been completed. Seven intercepts of more than 10 feet grading 0.10 ounces per ton gold or more have been encountered; the most encouraging of these grades 3.89 ounces per ton gold and 2.50 ounces per ton silver through a section of 10 feet located more than 800 feet from old mine workings.

CoCa Mines Inc. has acquired the project from Congdon and Carey in consideration for a 22-1/2 percent carried working interest after pay-out reserved by these principal shareholders. The 1982-84 Metals Acquisition Program will not reimburse them any part of their expenditure to date of $678,000; their outlay will be recoverable during the pay-out of investments by all parties.

The next phase of exploration will require grid drilling in areas of mineralization already indicated, as well as further reconnaissance drilling. As ore reserves of seeming economic magnitude are developed, bench scale metallurgical tests will be undertaken to determine the most advantageous extractive methods. A moderate exploration target would be 1,000,000 tons grading 0.35 ounces per ton gold, or 250,000 tons grading 0.60 ounces per ton gold, minable underground and recoverable by means of flotation and cyanidation of tails.


CoCa Mines Inc.
1776 LINCOLN STREET
DENVER, COLORADO 80203
(303) 861-5400
REVISIONS
For Date By
MIDDLE BUTTES PROJECT
LOCATION OF
MAIN MINERALIZED AREAS
KERN COUNTY CALIFORNIA
for. RAR date: 11-25-81 by: TRL serial no. 1136
8
PROPERTY BOUNDARY
3070
3100
3419
3200
3040
3400
3000
3003
EXIT RAISE
Oak
SILVER PRINCE/ SHUMAKE ZONE
3441
CACTUS EXTENSION
Gold
3300
SILVER PRINCE SHAFT
WINKLER
Cactus Queen Mine
Middle Butte Mine
2900
2879



4 MILES
TO MOJAVE
MIDDLE
BUTTES
SOLEDAD MTN.
BACKUS ROAD
GEM HILL
L.A. AQUEDUCT
TEHACHAPI
WILLOW SPRINGS
ROAD
14
EDWARDS
A.F.B.
WILLOW
SPRINGS
TROPICO
HILL
ROSAMOND
TROPICO ROAD
138
14
MOJAVE
14
EDWARDS
A.F.B.
Willow
Springs
Rosamond
LANCASTER
PALMDALE
14
SAN FERNANDO
0 10 20
MILES
LOS
ANGELES
N
Lancaster
0 5
SCALE IN MILES
14
138
Palmdale
Approx. 36 Miles to
Burbank Airport
14
CoCa
Mines Inc.
1776 LINCOLN STREET
DENVER, COLORADO 80203
(303) 861-5400
REVISIONS
For Date By
MIDDLE BUTTES PROJECT
LOCATION MAP
KERN COUNTY CALIFORNIA
for: FPC date: 11-25-81 by: TRL serial no 1136

ROUND MOUNTAIN PROJECT--Silver

Location: Custer County, Colorado

Acquisition:

The first significant mineral discovery in Custer County, Colorado was made in 1870. By 1881 the Town of Silver Cliff had 8,000 persons, seven producing mines and a narrow gauge railroad. Most production ceased by 1885 with the exception of two or three small vein mines which produced sporadically through the Korean War. From 1872 to 1923, Custer County produced approximately $8,400,000 of metal values of which probably $7,000,000 came from the Rosita and Silver Cliff areas.

Original reconnaissance of the area was undertaken by Dolf Fieldman on behalf of Congdon and Carey in 1962. Geologic mapping in the Rosita Hills and Westcliffe area followed during 1963 and 1964. Gaining control the mineral rights to more than 1,400 acres in the prospect area was difficult, as many ownerships were held by persons of diverse interests. The land acquisition program continued until 1965. Congdon and Carey initially drilled 20 diamond drill holes in 1966 and 1967. Further drilling was undertaken by Callahan Mining Company, Conoco Inc. and Freeport Exploration Company in the ensuing years. To date a total of 52 diamond drill holes, 24 reverse circulation rotary holes, 75 rotary holes and 143 wagon drill holes, for a total of 46,137 feet of sampling, have been completed on the property.

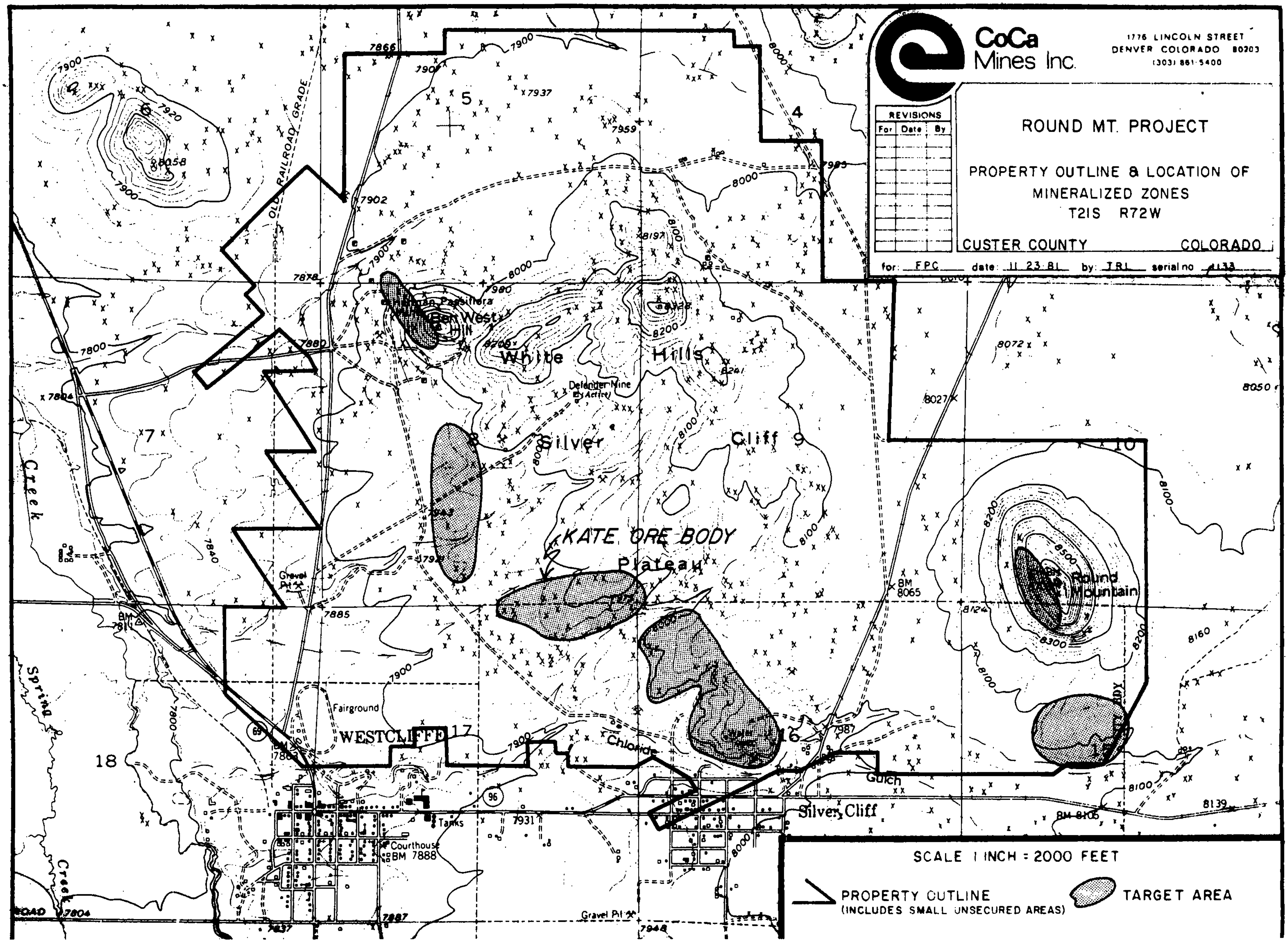
The mineral holdings controlled by CoCa in the Custer County area comprise approximately 1,400 acres all in the southern half of the Silver Cliff volcanic center. At least four separate geologic targets have been identified. Only a single target, the Kate manganese silver zone, has been studied in detail. Three types of silver mineralization are thought to occur in the large prospect area. The Kate mineralization is believed to be strataform with silver migration in paleowater occuring since original deposition. Past mine production was principally from fractures in volcanic rocks filled with lead-zinc-silver ores. Finally, hot spring vent ore deposition is hypothesized within the area of interest.

Reserves in the silver-manganese Kate mineralized zone are not yet firmly established. The complication of ore deposition causing erratic distribution of values necessitates drilling on 100 foot hole spacing. This is complete in only 30 percent of the area. Reserve estimates at a one ounce cut-off infer four to seven million tons at a grade of 2.7 ounces silver per ton. The potential is excellent for the addition of two to file milliion tons of comparable grade in untested areas adjacent to measured blocks.

A major portion of the silver occurring in the Kate zone is in association with manganese and is thus refractory to conventional cyanidation. Preliminary heavy liquid separation tests performed by Hazen Research and Newmont each suggest the mineralization may be readily pre-concentrated by gravity methods.

CoCa Mines has acquired the project from Congdon and Carey in consideration for 20 percent carried working interest after pay-out reserved by these principal shareholders. The 1982-84 Metals Acquisition Program will not reimburse them any part of their expenditure to date of $461,000; their outlay will be recoverable during the pay-out of investments by all parties. Most of the mineral rights are owned in fee by Congdon and Carey. The property bears indebtedness of $230,000 of which $80,000 is payable in 1982 and the balance in $75,000 installments in 1983 and 1984.

A major drilling program will be initiated during the 1982 field season to complete ore definition in the Kate area, evaluate ore extensions and test several new targets. The next phase of exploration will also require preparation of a large bulk sample from the Kate zone followed by comprehensive gravity separation studies.


CoCa Mines Inc.
1776 LINCOLN STREET
DENVER COLORADO 80203
(303) 861-5400
REVISIONS
For Date By
ROUND MT. PROJECT
PROPERTY OUTLINE & LOCATION OF
MINERALIZED ZONES
T21S R72W
CUSTER COUNTY
COLORADO
for: FPC date: 11 23 81 by: TRL
KATE ORE BODY
White Hills
Silver Cliff
Plateau
Defender Mine
Round Mountain
OLD RAILROAD GRADE
Fairground
WESTCLIFFE
Chloride Gulch
Silver Cliff
Tanks
Courthouse
BM 7888
Gravel Pit
Spring Creek
Creek
SCALE 1 INCH = 2000 FEET
PROPERTY OUTLINE
(INCLUDES SMALL UNSECURED AREAS)
TARGET AREA

JEROME PROJECT--Copper, Gold and Silver

Location: Yavapai County, Arizona

Acquisition:

The United Verde and United Verde Extension mines at Jerome, Arizona were two of the richest orebodies ever developed in the United States. The ore in each mine occurred within an area less than 1,500 feet in diameter. Many mining companies have attempted to find additional reserves; but they have failed.

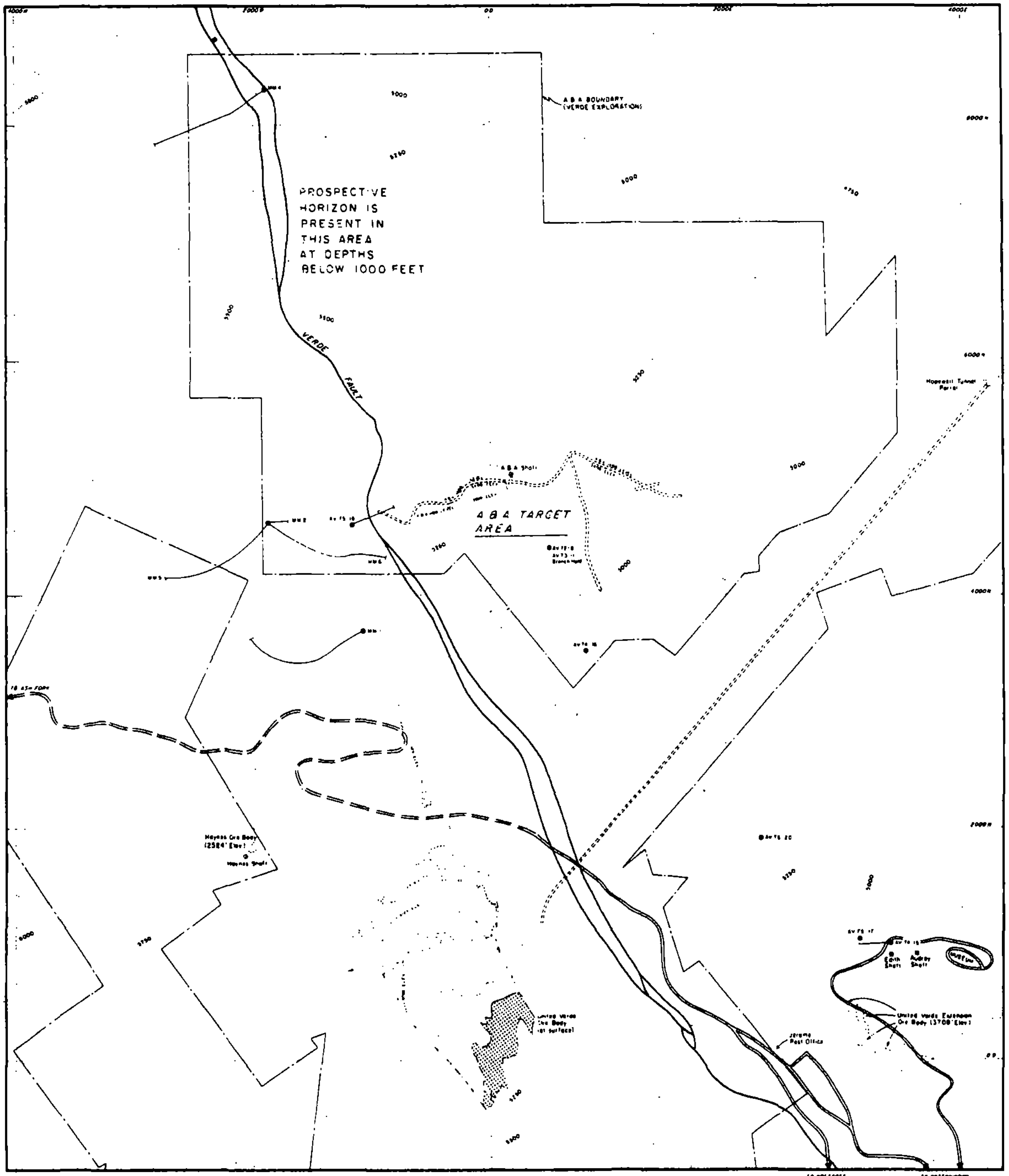
The Anaconda Company from 1971 to 1981 conducted significant geophysical work and drilling on the project. CoCa Mines considers some of that data may be indicative of a blind, high grade orebody; considerable acreage remains to be explored in accordance with a current ore deposition hypothesis developed by a consulting geologist who has worked this project for five years.

A mining lease has been negotiated by CoCa with Verde Exploration Company, Ltd., successor corporation to the United Verde Extension. The leased land is contiguous to the depleted bonanza deposit discovered in 1916 which contained 4,000,000 tons grading 10.25 percent copper and 0.04 ounces per ton gold. It provides for an option period in which certain geophysical work now underway must be completed. CoCa then has a right to undertake $250,000 annual exploration programs to maintain the lease over the following three years. CoCa would control and manage the operation; a 25 percent carried working interest after pay-out is retained by Verde, as well as a five percent royalty on any gold that may be produced in excess of 50,000 ounces plus two percent of other metals produced in excess of the initial $50,000,000 thereof.

Exploration Program

The geologic setting at Jerome readily allows for the occurrence of an additional large, massive sulfide deposit in the district. Major tectonic activity has dropped highly prospective horizons so that direct detection of such deposits by traditional prospecting has been impossible. Modern exploration techniques can extend the depth of target definition. A compilation of old records has resulted in the definition of a well-defined geologic target.

An induced polarization survey, as well as detailed geologic mapping is in progress. The first likely annual phase of exploration will entail a $250,000 diamond drill program to test these targets. A reserve similar to the United Verde Extension would be a "bonanza" at today's metals prices and mining costs.



EXPLANATION

— · — · — OUTLINE OF LANDS HELD BY VERDE EXPLORATION, LTD.

NOTES: 1) The base for this map is a tracing from the 1972 Anaconda Geologic Map. Topography is reported to be from Mingus Mountain Mining Company work. The grid is based on the United Verde System of Coordinates with point 0N 0E in the pit.

2) Positions of massive surface bodies taken from USGS PP 308 (UVX) and from a 1:4800 scale composite map prepared by P.A. Lindberg dated Feb 5, 1974.

0 400 800 1200 1600 2000 FEET

SCALE 1:4800

CoCa Mines Inc

1776 LINCOLN STREET
DENVER COLORADO 80203
(303) 861 5400

REVISIONS

For | Date | By

JEROME PROJECT

A B A TARGET AREA

YAVAPAI COUNTY ARIZONA

for RAR date 11-28-81 by TRL serial no 1137

LUNING PROJECT--Gold

Location: Mineral County, Nevada

Acquisition:

A large variety of mineral products have been mined in the Santa Fe Mining District since its discovery in 1879. These include copper, silver, tungsten and gold. Most recently, exploration by another company has led to the discovery of a gold-silver ore deposit reported to hold 3,000,000 tons grading 0.095 ounces gold and 1.8 ounces silver per ton.

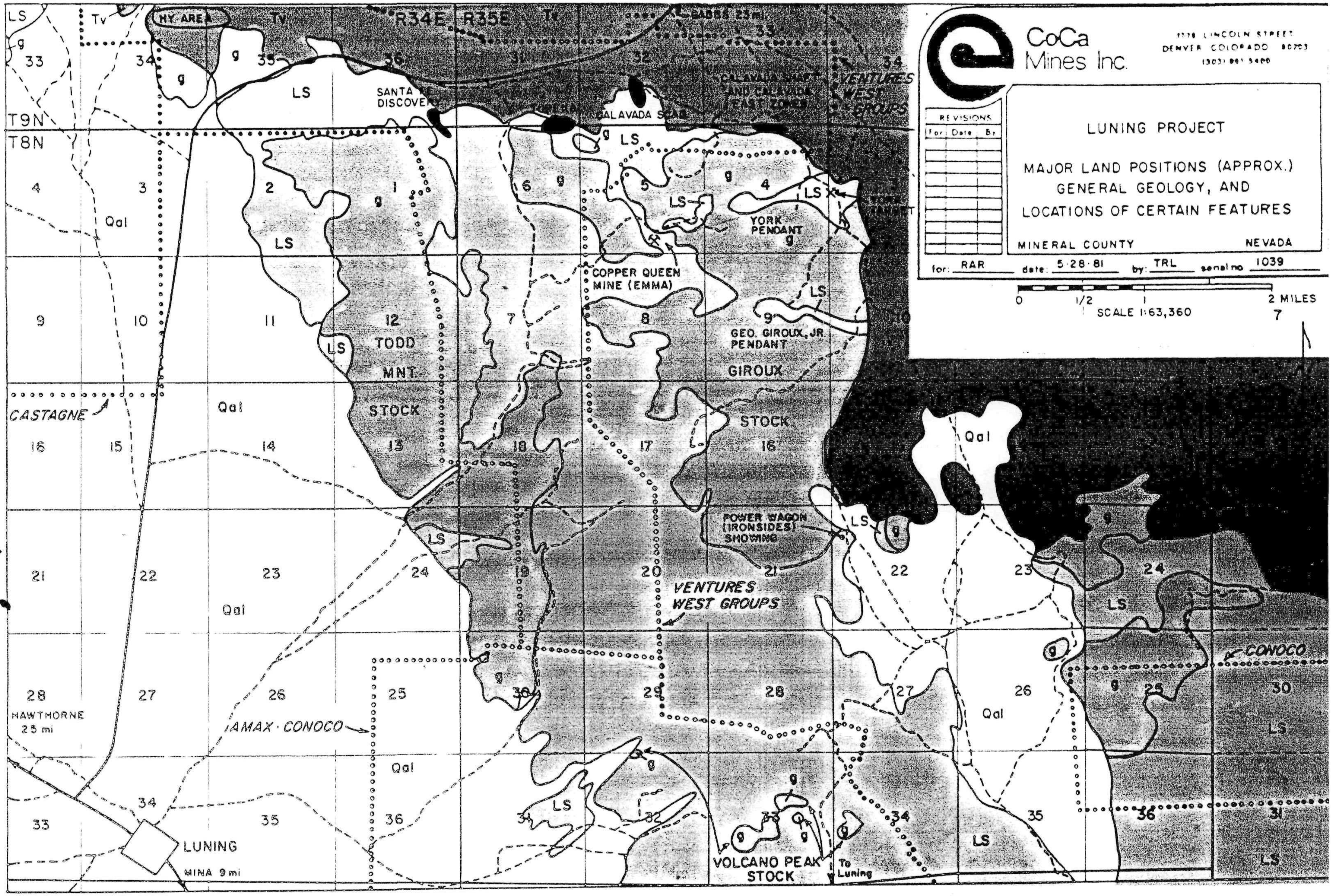
Prospecting by CoCa Mines resulted in identification of a target for disseminated gold mineralization subtly expressed in a nearby area now identified as the "York Target" on accompanying maps. Detailed surface geologic mapping and sampling in 1981 confirmed the presence of a strong gold geochemical anomaly over a 500 x 1,600 foot area, supported by larger anomalies in antimony, arsenic and mercury. A deposit of one to five million tons size could be present, grading 0.04 to 0.10 ounces gold per ton and in a configuration amenable to open-pit mining.

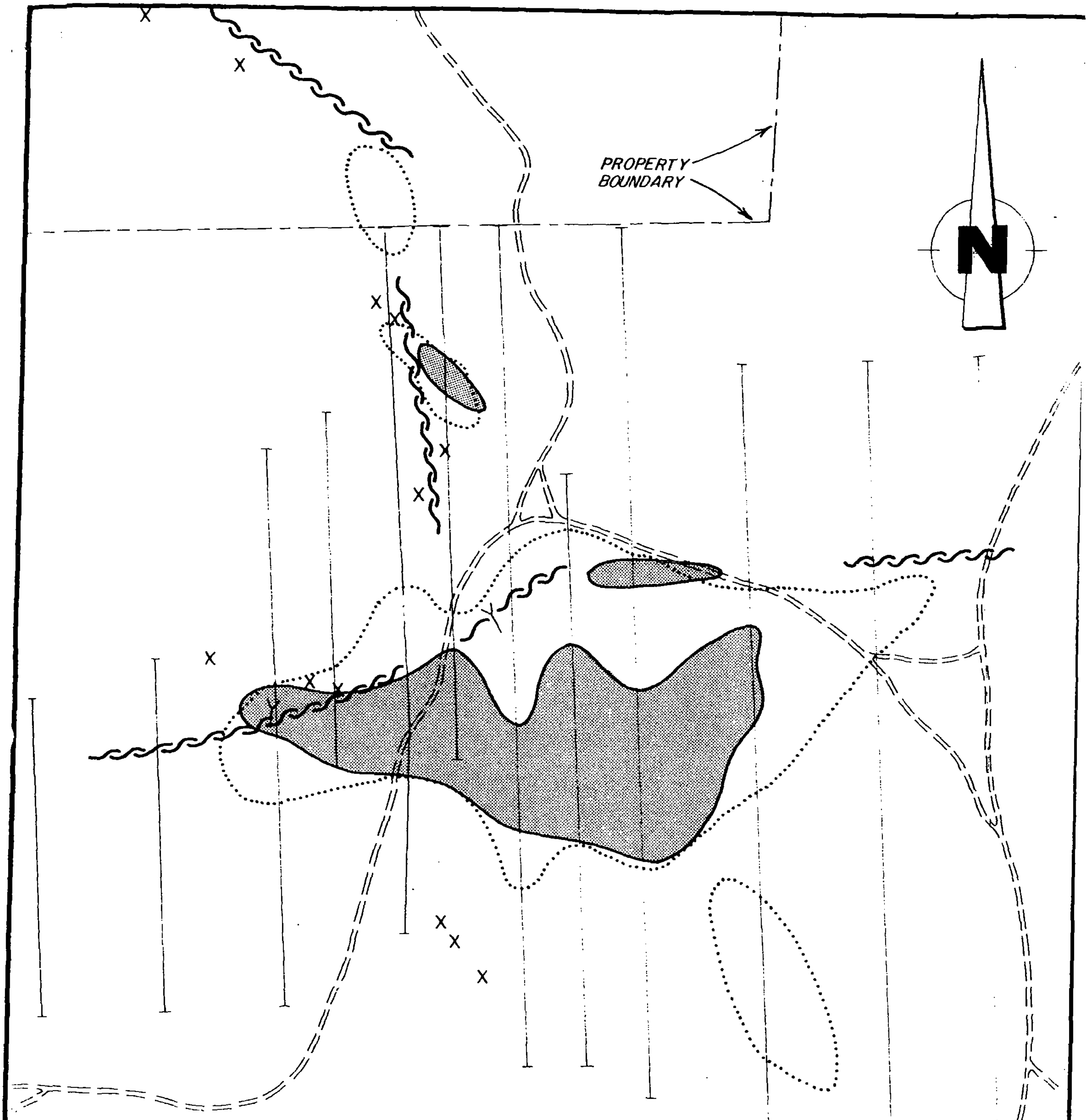
Prospecting and land acquisition efforts are currently in progress on four geologically similar zones in the District. To date the York Target has been entirely secured by the location of a block of 28 unpatented mining claims and the purchase of three existing claims peripheral to the target.

The interest on the Luning land position is held 100 percent by CoCa Mines Inc. and its associates. Only modest annual assessment work is required to maintain the property.

Exploration Program

A first stage drilling program has been scheduled for execution on the York Target in 1982. This program will consist of a pattern of ten to thirty holes totalling 5,000 to 13,000 feet of drilling. Test geophysical surveys will also be carried out. The program of additional prospecting, mapping, geochemical work and land acquisition in the District will continue.


CoCa Mines Inc.
LUNING PROJECT
MAJOR LAND POSITIONS (APPROX.)
GENERAL GEOLOGY, AND
LOCATIONS OF CERTAIN FEATURES
MINERAL COUNTY
NEVADA
REVISIONS
for: RAR
date: 5·28·81
by: TRL
serial no 1039
0
1/2
1
2 MILES
SCALE 1:63,360
R34E
R35E
T9N
T8N
MY AREA
GABBS 23 mi
SANTA FE DISCOVERY
CALAVADA SCAR
CALAVADA SHAFT AND CALAVADA EAST ZONES
VENTURES WEST GROUPS
YORK PENDANT
COPPER QUEEN MINE (EMMA)
GEO. GIROUX, JR. PENDANT
GIROUX STOCK
TODD MNT. STOCK
CASTAGNE
POWER WAGON (IRONSIDES) SHOWING
CONOCO
AMAX · CONOCO
HAWTHORNE 23 mi
LUNING
MINA 9 mi
VOLCANO PEAK STOCK
To Luning



GEOCHEMICAL SAMPLE LINE.
SAMPLES AT 50 TO 100 FOOT INTERVALS

Au ≥ .03 ppm

Hg ≥ .5 ppm

FAULT

0 400 800 1200 FEET

SCALE 1:4800

CoCa Mines Inc.
1776 LINCOLN STREET
DENVER, COLORADO 80203
(303) 861-5400

REVISIONS		
For	Date	By

LUNING PROJECT
YORK TARGET AREA
GEOCHEMICAL ANOMALY MAP
T8N R35E

MINERAL COUNTY NEVADA

for: CFB date: 11-23-81 by: TRL serial no: 1134

1100 DENVER CENTER BUILDING
1776 LINCOLN STREET
DENVER, COLORADO 80203

TELEPHONE 303-861-5400

CONGDON AND CAREY
MINERAL EXPLORATION

June 30, 1982

Limited Partners
Congdon and Carey, Ltd. 5

Partners:

The worldwide recession, accompanied by abrupt disinflation, has very seriously affected the mining industry. Metals prices have deflated to their lowest levels, in real terms, in nearly fifty years and are below the production costs of most mines.

Superior Oil Company has curtailed its interest in metals and has reassigned the Flathead Project to us. Amoco Minerals has proposed one more annual program at the Gilt Edge Project but has indicated it will turn the property back to us next year if its prospects for success are not substantially improved.

Our partnership will terminate on June 30, 1983. We feel valuable assets are being returned to us. This letter proposes several steps by which we hope to realize that value. Please let us hear from you, as several options are available.

<u>Flathead Silver-Zinc-Lead Project</u>, Flathead County, Montana

Superior Oil maintained a high level of exploration and development activity on this property throughout 1981 even as management was turned over from the Canadian office to the U.S. exploration group. As recently as last December we were advised Superior would spend $1.5 million in 1982 with the objective of completing a final feasibility study in 1983.

However, in January of this year, the new management of the project declared the 25 percent carried working interest after payout in Flathead belonging to our partnership--and agreed to by Canadian Superior in 1978--was excessive; Superior suggested a 10 percent carried working interest after recovery of senior financing. We refused to accept this unilateral "renegotiation," and Superior announced it would terminate its drilling and metallurgical testwork, placing the project on the shelf until metals prices improve. We believed delay would jeopardize the project as the principal lease requires that production, albeit at a modest rate, must be attained by December 1, 1987. So we suggested Superior's performance was unsatisfactory and it should abandon its interest in Hog Heaven Partners. The matter was resolved on May 15, 1982 by Superior's sale of its partnership interest to Congdon and Carey, Ltd. 5 in consideration for $2,650,000 payable without interest from 10 percent of cash flow after recovery by us and our associates of all monies henceforth spent on the project plus interest at prime plus two.

The current status of the project is described in Exhibit 1 to this letter. Included are tentative tonnage, grade and classifications of ore reserves, approximate costs of plant construction, mine development and operation, the terms of underlying agreements and the recent agreement with Superior, and the possible cash flows that might be realized from exploitation of the deposit at several levels of metals prices.

Drilling and metallurgical testing have stopped, but we temporarily hired four former Superior personnel and borrowed the project manager for two months. CoCa Mines Inc., as our agent, has provided two persons to direct the continued sampling and assaying of drill core, the preparation of maps and cross sections, the calculation of ore reserves of several degrees of confidence, etc. This job should be complete in August. The purpose of our work is the completion of Superior's immediate program and the determination, within the limits of the data developed to date, of the value of this asset.

Gilt Edge Gold Project, Lawrence County, South Dakota

We and our operating partner, Amoco Minerals, drilled 19,650 feet of diamond-core hole last year in the near surface deposit and continued metallurgical testwork. Amoco has concluded this potential open-pit deposit is not of sufficient size nor grade to be of interest to that company.

Eighteen diamond drill holes were put down to an average depth of 1,100 feet to test higher grade gold mineralization previously encountered. This work was moderately encouraging, and Amoco plans five more deep holes in 1982 in a last effort to determine if a potential underground mining operation exists. We have been advised Amoco will return the properties to us next spring if the current program fails to find economic mineralization at depth grading, perhaps, 0.15 ounces gold per ton.

We consider the deeper exploration program to be of little interest. However, the previously drilled open-pit deposit may be economically attractive at a modest scale if the cut-off grade used to date is raised and the deposit mined more selectively. The Homestake concentrator is only a few miles distant; that company has expressed interest in custom milling ore from Gilt Edge or taking a joint venture interest with us.

The current status of this project is outlined in Exhibit 2 to this letter. While not as attractive as Flathead, Gilt Edge could be a reserve of sufficient size to be of interest to a mining company attracted to medium scale operations. Therefore, we encourage Amoco to provide 80 percent of continued funding with the expectation the project will be entirely ours in early 1983.

Precious Metals Markets

Silver's drop in price to $5-6 an ounce from $9 at the beginning of 1982 has startled speculators and investors alike. Gold has declined more moderately from $400 to $310 per ounce in the same period. The silver/gold price ratio has not been higher since 1934. The stocks of most precious metals mining companies have lost 80 percent of their market values since reaching their peaks in 1980.

We believe that the prices of silver and gold must improve substantially in the next two or three years. Almost 40 percent of U.S. silver mine production capacity is already shut down and most of the mines remaining open are suffering substantial losses. A recent study made for a major mining company concluded that a minimum price of $12 per ounce in constant 1981 dollars is the threshold price necessary to maintain last year's volume of world silver mine production. New capacity recently developed is offset by the closure of such as the Sunshine Mine whose operating costs will not permit it to reopen until silver substantially surpasses the $12 level. The same study reasoned that silver can be expected to trade in the range of $12 to $16 per ounce in constant dollars under "normal" economic conditions. Only at a price of $20 or more would the market once again be flooded with silver from the several forms of stored metals values.

We anticipate the cost of producing silver from the Flathead Project will be below the worldwide median cost of this metal. We do not have the same relative price/cost confidence yet in the Gilt Edge Project, but we still regard it as a worthwhile project.

Calls for Funds

We had not expected to call again for funds for the Flathead Project. The winding down of the Superior program and the geologic and engineering appraisal of Superior's work (which cost that company $4.2 million) is estimated to cost our partnership $300,000; advance royalty payments to underlying landowners between now and the year-end will cost an additional $90,000.

In our letter of March 26, 1981 we said we would call for $375,000 in 1981 to fund our 20 percent share of last year's program at Gilt Edge. Only half that amount was actually called for, as Amoco's reporting and billing was slow. Accordingly, we are now in need of $140,000 to complete payment of the 1981 program and will need an additional $140,000 for the 1982 program. Finally, some $5,000 is needed by CoCa Mines for administrative expenses.

We are scheduling $400,000 of this 1982 call as due on July 23, 1982; the balance of $275,000 will be called for in September and due October 1, 1982. Approximately 80 percent of these funds will be expended in 1982 and be deductible from taxable income; the balance will be spent in early 1983.

Under paragraph 9 of our Articles of Limited Partnership, a limited partner need not meet these optional calls for funds after the end of the Primary Term of our partnership on December 31, 1976. In that event, the limited partner assigns one-half his interest in Congdon and Carey, Ltd. 5 to those partners providing his share of the annual call for funds. Under current economic circumstances, we can understand that one or more of you might wish to "pass" this call for funds. Yet the acquisition by others of half a partner's limited partnership interest in consideration for meeting his share of just one call for funds is probably the least costly acquisition one can make during this partnership's total term.

Alternative Plans

Our partnership was formed for the purpose of acquiring, exploring and developing mineral properties. We have two attractive projects in hand. These must be turned over promptly to mining organizations that will carry their development forward and, if justified, raise the $60 million required for production facilities.

Exploration managers and geologists from a number of mining companies have already contacted us to inquire of the availability of the Flathead Project. We have invited their interest and are now showing the property and available data to nine companies.

At the same time we are concerned that the interest of field personnel is not always reflective of their seniors today. Exploration budgets are being slashed in every mining company; top managements of some to whom Flathead's availability has been mentioned have stated they have no funds available for anything but company survival. Finally, with the time available to develop Flathead growing short, we are concerned that the project not be assigned to a company with only a weak commitment to new mine development.

We are recommending Congdon and Carey, Ltd. 5 consider exchanging its assets during this last year of its term for the common stock of CoCa Mines Inc. This company is the corporate successor to Congdon and Carey, Ltd. 4. The enclosed gray folder is more than one year old, but it provides a generally accurate description of CoCa Mines. Its principal assets are interests in the fully developed projects of Equity Silver Mines Limited and Candelaria Partners. Equity Silver Mines Limited is one of the lowest cost producers in the world, operating at a modest profit even today. However, the mine of Candelaria Partners in Nevada was shut down last month; its out-of-pocket operating costs are near the industry median, but we and our partner are in agreement there is no point in wasting valuable ore reserves of a mine that can be maintained in stand-by condition at little cost.

CoCa has a capable staff, including some personnel from the old Congdon and Carey staff who are particularly familiar with the Flathead and Gilt Edge Projects. Provided CoCa can make our partnership appropriate financial commitments, we believe the projects of Congdon and Carey, Ltd. 5 would have the most likely chance of being developed to production through the efforts of CoCa. In the meantime, the partners of Congdon and Carey, Ltd. 5 would be able to mitigate their risk by diversifying their precious metals position to include interests in two fully developed mines.

Bill Carey and I, as well as some limited partners in Congdon and Carey, Ltd. 5, also own a significant interest in CoCa Mines Inc. Accordingly, we would recommend that a disinterested third party with professional standing in the mining industry determine the relative values of Congdon and Carey, Ltd. 5 and CoCa Mines Inc. in order to recommend the number of shares to be issued to this partnership. Such a relative evaluation would be based upon a range of metals prices, present value discounts and degrees of risk.

Response

Enclosed is a form letter for your response to this report. However, please feel free to write your own letter expressing your preferences for the several alternatives open to you. We would be pleased to answer your questions to the best of our ability, show you or your representative data available from the two projects and otherwise clarify this matter.

Very truly yours,

CONGDON AND CAREY, LTD. 5

By: Thomas E. Congdon
Thomas E. Congdon
General Partner

EXHIBIT 1

FLATHEAD, MONTANA

Location: Flathead County, Montana

Acquisition:

The Anaconda Company acquired a portion of the property long ago and conducted underground mining operations from 1929 to 1946. A lessee then continued shipments of ore from an open pit from 1958 to 1975. The Flathead Mine in the past has produced approximately 300,000 tons of ore containing 30 ounces of silver per ton, shipping directly to Montana smelters without concentration. Congdon and Carey geologists noted the similarity of the geological environment to those in which they had already discovered large tonnage, low grade precious metals reserves. Long term leases were negotiated in 1975 with Anaconda, the Burlington Northern and a lessee from the State of Montana covering 6,720 acres of fee simple mineral rights and providing for work commitments, advance royalties and an earned royalty of five percent.

Exploration Program

Congdon and Carey drilled 45 diamond drill holes totalling 24,600 feet and reopened three of the eleven levels of the old Flathead Mine, as well as workings of smaller mines in the district. This program and all acquisition costs required expenditures of slightly more than $1.0 million. Proven and indicated ore reserves by late 1978, for the most part accessible only by underground mining methods were: 6,000,000 tons grading 6.0 ounces per ton silver, 0.03 ounces per ton gold and perhaps 2.7 percent combined lead and zinc. Considerable additional exploration was warranted.

The then estimated cost of completing a feasibility study of a relatively large underground mining operation and the development of that project to production was beyond the means of Congdon and Carey. Therefore, agreement was reached with Superior Oil Company in early 1979 to form a partnership for the further exploration and development of the properties. Superior could earn a 75 percent working interest after pay-out in the partnership by spending $1.0 million on the project by 1981; Congdon and Carey would retain at no additional cost a 25 percent carried working interest after pay-out. The latter also had the option to repurchase an additional 24 percent of the working interest by reimbursing Superior one-third of its expenditures in excess of $1.0 million and contributing one-third of additional development capital, all ninety days after notice from Superior that it was committed to placing the property into commercial production.

During the 1979-1981 period, Superior spent approximately $4.2 million on the property. Exploration is now generally completed. Open-pit and underground silver/gold reserves with base metal credits have been identified. Although ore reserves are not formally calculated, they are well sampled. Some 470 holes, totalling 124,000 feet of drilling, are now complete. Conservative calculation by geological staff of Superior Oil suggests the following reserves at a cutoff of 2 oz. silver per ton:

	Main Mine			Ole Hill			Total		
	Tons	oz. Ag/T[1]	S/R	Tons	oz. Ag/T[2]	S/R	Tons	oz. Ag/T	S/R
Open Pit	1.0MM	6.0	4.7:1	1-2.0MM	3-3.5	1:1 est	2-3.0MM	4.7	--
Underground									
Developed	2.5MM	6.7							
Expected	1.5MM	7.0							
Projected	5.5MM	-							
	10.5MM	6-7		1-2.0MM	3-3.5	1:1 est			

1 Very preliminary estimates suggest 0.025 oz. Au/T and 2-3% Pb-Zn
2 Very preliminary estimates suggest 0.016 oz. Au/T and no base metal credits

Reserves are now ready for formal calculation using a mining plan, anticipated mining costs, and metallurgical results. Additional sampling will eventually be required to block out peripheral reserves.

Development Program

On May 15, 1982, Congdon and Carey agreed to acquire Superior's 75% working interest in the Flathead property, in consideration for $2.65 million payable without interest from 10 percent of net income after the recovery of all monies to be spent on the property subsequent to May 15, 1982, including interest on such monies at prime plus two percentage points.

The next stage of work should prove the underground reserves, confirm metallurgical procedures and perform a bulk tonnage underground mining test. Currently the complete set of geological, engineering, metallurgical and environmental data is being assessed. Our best estimate of capital requirements follow:

	$ (in millions)	Program
1982	0.400	Assess all evaluation data
1983	1.350	Metallurgy, dev. drilling, re-open underground
1984	4.000	Test stoping, design, prelim. dev.
1985	15.000	Start construction
1986	19.250	Complete construction
Sub-Total	40.000	
1987	3.000	Underground dev., 2000 TPD production from open pit
1988	4.000	Underground dev., 2000 TPD production from open pit
1989	4.000	Underground dev., convert mill 2000 TPD production from underground

Potential cash flows assume successful completion underground reserve verification, and development of a bulk tonnage underground mining method. Assumptions for a proforma cash flow are listed below:

Reserves: Open Pit 2.0 million tons 4.7 oz Ag/T, 0.021 oz Au/T ±3:1 W/O strip ratio; Underground 9.0 million tons, 6.6 oz Ag/T, 0.025 oz Au/T

Mill: 2000 TPD (0.700 million TPY), first 3 years cyanide with caustic pretreatment, remaining 13 years sulfide flotation

Mine: Years 1-3 Open Pit, contract mine
Years 4-16 underground, consider blast hole stope, sublevel cave and room-and-pillar

Capital Cost: $40 million plus $3, 4 and 4 million for underground development in the first 3 years of production from open pit

Operating Cost:	Open Pit	$18.00/T milled
	Underground	$30.00/T milled

Mill Recovery:	Cyanide Circuit	85%
	Flotation Circuit	90%

Mine Life: 16 years

At three different sets of metal prices, the cash flow of the Flathead project on a pre-tax, all equity financing basis, through 1992, is as follows:

$ (in millions)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Case I (Ag $12/oz)	(0.400)	(1.350)	(4.000)	(15.000)	(19.250)	19.978	19.103	19.228	31.958	31.233	32.108
Case II(Ag $16/oz)	(0.400)	(1.350)	(4.000)	(15.000)	(19.250)	32.504	31.629	31.754	50.153	49.528	50.303
Case III(Ag $20/oz)	(0.400)	(1.350)	(4.000)	(15.000)	(19.250)	45.030	44.155	44.280	68.347	67.722	68.497

In years 1993 through 2001, pre-tax cash flow each year will approximate those shown for 1992 in the foregoing table.

EXHIBIT 2

GILT EDGE, SOUTH DAKOTA

Location: Lawrence County, South Dakota

Acquisition:

Both underground and open pit mining were conducted intermittently at Gilt Edge from 1897 to 1941. The property is comprised of patented and unpatented mining claims covering 830 acres five miles from the famed Homestake Mine. The Gilt Edge claims are owned by a moribund mining company and a scrap metals corporation. Congdon and Carey in 1971 concluded an unsuccessful exploration program on the property directed toward copper and molybdenum mineralization beneath the previously-worked gold deposits and terminated its agreements with the owners. In 1975, the change in relative metals prices renewed interest in the property, particularly in the near-surface gold mineralization. Cyprus Mines (now Amoco Minerals) requested the aid of Congdon and Carey in renegotiating the complicated minerals leaseholds. New agreements were reached providing for exploration work commitments, advance royalties and earned royalties on a sliding scale declining from eight percent to two percent. The properties can be purchased for a total of $3,800,000, the earned royalties applying to the purchase prices. Congdon and Carey is participating with Amoco, taking a 20 percent working interest in the venture, and under certain circumstances, would be entitled to a 2 percent overriding royalty.

Exploration Program

Since 1975 a total of 231 exploratory holes totalling 62,000 feet have been drilled on the property. Exploration has focused on the definition of a target which can be mined by open pit methods to a depth of approximately 300 feet. By the close of 1980 the following ore reserves to that depth had been indicated: 11,000,000 tons grading .05 ounces per ton gold. Deeper drilling in 1981 has indicated reserves of two to four times that grade that could be mined by underground methods. In excess of $3.563 million has been spent on the project. Metallurgical testing began in 1978 and has included large scale heap leach and column tests as well as laboratory investigations. An average recovery of 60 percent of the gold in a heap leaching operation is anticipated.

Current Status

Amoco has indicated the open pit reserve is too small to be of interest to its parent, Standard Oil Company of Indiana. The 1982 exploration program will attempt to substantially increase mineralization at depth.

Analysis of available data would suggest only a remote possibility of locating underground economic mineralization of sufficient size to interest Amoco. These factors may lead to Amoco dropping the joint venture. In that event, CoCa Mines would be pleased to acquire the property and readdress the economic feasibility of the project. The exploration data indicate a smaller scale operation directed toward the higher grade gold mineralization would be profitable.

Development Program

Drilling has established a low grade, open pit deposit for heap leaching. The anticiapted production for gold heap leaching is 3500 TPD (1.225 million TPY) of ore.

The open pit potential of the deposit is well defined. Reserves can be considered proven and probable with significant potential for additional ore.

The next stage of work should formally design the mine and retest heap leach characteristics with varied ore types, followed by a feasibility study. Concurrently the underground, high grade potential can be evaluated for large scale mining. The following capital expenditures are envisioned.

	$ (in millions)	Program
1982	0.500	Exploration drilling for underground reserves
1983	2.000	Heap leach test, design, permitting
1984	8.000	Construction
1985	13.500	Finish construction
1986		Production - 3500 TPD
TOTAL	24.000	

Potential cash flows assume a favorable feasibility. Capital and operating costs are patterned after the Ortiz, New Mexico gold heap leach deposit operated by Goldfields. Mining would be contracted. Ore would be placed on reusable asphalt pads. Assumptions for a proforma cash flow are:

Reserves: 12 MM tons, 0.05 oz.Au/T, 1.7:1 W/O strip ratio
Mill: Heap leach 3500 TPD (1.225 million TPY)
2 stage crushing
Mine: Simple, low strip ratio open pit
Capital Cost: $24 million
Operating Cost: $8.40/T leached
Recovery: 60%
Mine Life: 10 years

Pre-tax cash flows at three sets of metal prices, assuming all equity financing for the period 1982-1992 are as follows:

$ (in millions)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Case I (Ag $12/oz)	(0.500)	(3.000)	(8.000)	(12.500)	5.039	5.129	4.179	4.309	5.399	4.989	5.579
Case II (Ag $16/oz)	(0.500)	(3.000)	(8.000)	(12.500)	10.448	10.538	10.128	9.718	10.808	10.398	10.988
Case III (Ag $20/oz)	(0.500)	(3.000)	(8.000)	(12.500)	15.858	15.948	15.538	15.128	16.218	15.808	16.398

Pre-tax cash flows for 1993 through 1995 would be similar to those shown for 1992.

MEMORANDUM

DATE: October 18, 1982

TO: William J. Carey
Hugh J. Matheson

FROM: Thomas E. Congdon

SUBJECT: Relative Values of CoCa Mines Inc. and Congdon and Carey, Ltd. 5

The report prepared by Kilborn Engineering on this subject is rather disappointing. I can appreciate the difficulty Mr. Fairbairn must have had in understanding our rather complicated projects and their interrelationships. This memorandum is my attempt to draw together several of our internal reports which bear on this subject. The rather striking coincidence is the fact the procedure I use--and which I regard as more accurate--reaches the same conclusion as that in the Kilborn report.

I conclude that the assets of Congdon and Carey, Ltd. 5 and the structure of their transfer to CoCa Mines Inc. would result in the partners of Congdon and Carey, Ltd. 5 owning 24.7 percent of the common stock of the enlarged CoCa Mines Inc. Fairbairn states the present value of the holdings of Congdon and Carey, Ltd. 5 comprise 25.8 percent of the total of the holdings of that partnership and those of CoCa Mines Inc.

Integral parts of this memorandum are: (a) Chris Mitchell's computer study of October 1, 1982 forecasting the earnings of Equity Silver Mines Limited at four levels of metals prices, and (b) Leigh Freeman's memorandum of October 14, 1982 describing the pro forma cash flow of the Flathead Project at three levels of metals prices.

Some confusion with respect to relative values has arisen from the tendency of some evaluators to relate values attributed to certain assets by the public stock market to present value studies based upon current metals prices and other data. It is clear to me that the stock market value attributed to Equity Silver Mines Limited--and, for that matter, all other precious metals mining companies whose securities are publicly traded--is based upon the conviction that precious metals prices will increase in absolute terms in future years. If that assumption is correct, the several assets of CoCa Mines and Congdon and

Carey, Ltd. 5 must all be appraised for the purpose of determining relative values on the basis of the higher precious metals prices that the stock market appears to foresee in our future. This presumption of higher absolute precious metals prices also represents a speculative value that is included in values I have earlier termed "liquidation value" or "last resort value."

Equity Silver Mines Limited

CoCa's holding of 1,121,146 shares of the common stock of Equity Silver Mines Limited is its most tangible asset. After a discussion of ore reserves, current operating earnings and the small current "bottom line" loss to common shareholders after allowance for preferred stock dividends, the Kilborn Engineering Report simply takes the closing price of the common stock on September 30, 1982 and converts the value of CoCa's holding to U.S. dollars after the payment of an assumed long-term capital gain tax. Thus, Kilborn relies entirely on the stock market to determine his valuation of this important asset.

This memorandum will also key the relative valuation of CoCa Mines and Congdon and Carey, Ltd. 5 to the market value of this important asset. But it is then necessary to determine the metals prices assumed by the market in making its evaluation. In his study of October 1, 1982, Chris Mitchell in his Case I assumed the following metals prices:

		1982	1983	1984	1985 and thereafter
Silver	$/oz.	7.58	10.00	10.00	12.50
Gold	$/oz.	374	400	400	500
Copper	$/lb.	.68	.80	.80	1.25

At these prices the computer study indicates common shareholders will see the following earnings and dividends per share, assuming 100 percent payout of cash flow following retirement of all indebtedness and preferred shares in 1986. After 1987, earnings and dividends at constant metals prices would decline very gradually until depletion of currently established ore reserves in 1995.

Year	Earnings	Dividend
1982	(0.23)	--
1983	2.89	--
1984	.81	--
1985	2.50	--
1986	2.63	0.33
1987	3.08	4.15
1988	2.78	3.84

While Mitchell also studied sets of still higher metals prices, the above prices, and the earnings and dividends to be anticipated therefrom, appear to justify the September 30, 1982 price of $18.50 (Cdn) per share of common stock of Equity Silver Mines Limited as well as prices several dollars higher. An investor might assume that the 1987 earnings and dividends would justify a market price in that year of $40 per share. Accordingly, a purchase in the range of $18 to $20 per share would place the investor in a position to double his money in five years--a 15 percent per annum compound capital gain in addition to the initial dividends.

So, may we begin this study of relative values with the assumption that precious metals prices will be in the vicinity of $12 per ounce silver and $500 per ounce gold in 1985 and thereafter and, further, that the stock market today is reasonable in placing a value of $18-$20 (Cdn) on the shares of common stock of Equity Silver Mines Limited.

Candelaria Partners

The Kilborn Engineering Report places a value of $1,280,000 on the interest of CoCa Mines in Candelaria Partners. This evaluation is based on the assumption the property will be sold for $16 million by Occidental Minerals, in which event CoCa Mines would receive 8 percent of the sale price. Even if the price of silver is assumed to return to $12 per ounce, CoCa's share of cash flow over the 4.4 years of remaining life of the known ore reserves would increase from that projected by Kilborn to $560,000 annually, or a total of $2,470,000. Because the reopening of the Candelaria Mine is uncertain, the present value of CoCa's interest in Candelaria Partners would have to be discounted sharply even in the event one assumes a $12 silver price by 1985. Thus, the present value of CoCa's interest even under that assumption is not significantly higher than its share of the sale price of the property assumed by Kilborn.

Other CoCa Properties

The Kilborn Report attributes a value of $150,000 to the Jerome Project, Middle Buttes Project, Luning Project and Round Mountain Project. These values are completely subjective and simply reflect CoCa's costs to date in acquiring and testing these. To be sure, the economic burdens on these projects vary widely at the same time their current perceived economic feasibilities also differ markedly.

This memorandum considers that CoCa's going concern value, based upon its cost of putting in place the present management team and acquiring its opportunities to further explore these other projects, is worth $1.5 million. This sum includes any nominal amounts of value that anyone might attempt to attribute to specific projects.

Flathead Project

CoCa's study this year of the data generated by the exploration program of Superior Oil and Congdon and Carey, Ltd. 5's earlier activity is summarized in Leigh Freeman's report of September 1982 entitled "Initial Examination of Minable Reserves." Confirmation of underground reserves remains to be done. He then prepared a supplemental memorandum of October 14, 1982 entitled "Flathead Pro Forma Cash Flow Study." The latter is preliminary in nature but somewhat conservative inasmuch as operating and capital costs reflect the unoptimized conditions suggested by preliminary metallurgical work. One of the exhibits attached to this memorandum indicates the after-tax cash flow of the Flathead Project, assuming the commencement of production in 1985 and the constant silver price of $12 per ounce. Note that the assumed bank loan providing two-thirds of development capital is repaid with interest at 15 percent in the second calendar quarter of 1986; the first $8.0 million of "cash for distribution" would represent a repayment of equity development capital; thereafter, 10 percent of cash for distribution will be paid to Superior Oil until a total of $2.6 million has been remitted.

These studies are indicative of a seemingly attractive project. At the silver price of $12, the cash flow to the equity has a present value of $47.6 million at a cumulative discount of 15 percent after income taxes. At metals prices below that prevailing today the project is able to repay its indebtedness with interest and generate at a silver price of $8 sufficient cash to leave a positive cumulative discounted value greater than the equity capital required.

Leigh has also calculated that a 25 percent carried working interest after payout of the assumed $16 million bank loan and the $8 million of equity, assuming a silver price of $12 per ounce and a discount rate of 15 percent, would have a present value of $10.3 million today.

However, the certainty of Flathead's economic viability must still be improved by further drilling, metallurgical tests, engineering studies and environmental permitting.

Gilt Edge Project

The Kilborn Engineering valuation of $330,000 is probably as useful as any. It represents the after-tax investment of Congdon and Carey, Ltd. 5 in its 20 percent interest in Gilt Edge. Even at a gold price of $500 per ounce, an investor might not choose to place the property in production.

Value of CoCa Mines Inc.

The attached "Exhibit 1" indicates that the shareholders of CoCa could liquidate the company today and realize $19.50 per share of common stock. This evaluation is largely based on the October 18, 1982 closing market price of Equity Silver Mines Limited and assumes sufficient of these shares can be sold without disturbing the market to liquidate the $2.0 million of bank debt. "Exhibit 1" also includes a minimal additional value of $1.70 per share for the "going concern value" of the company and some incidental assets.

Thus, based largely upon the market value of its shares of Equity Silver Mines Limited--which, in turn, appears to anticipate a silver price of at least $12 per ounce within the next two years--CoCa Mines Inc. can be said to have a current value of $21.20 per share of common stock, or a total equity value of $21.4 million.

Value of Congdon and Carey, Ltd. 5

Superior Oil earlier this year objected strongly to Congdon and Carey's 25 percent carried working interest after payout in the Flathead Project. However, I am here assuming that Congdon and Carey, Ltd. 5 could once again command a carried working interest after payout of this proportion. Improved economic conditions and CoCa's analysis of the Flathead data have enhanced the project's value since last winter. As seen above in Leigh Freeman's study, such a 25 percent carried working interest would have a present value of $10.3 million at the $12 silver price if development of the property proceeds to production. Assuming a 75 percent probability of this property's being developed to production, C&C5's interest in Flathead alone has a present value of $7.7 million. In addition, Gilt Edge is considered to have a present value of just $300,000. Thus the total value of the assets of this partnership is deemed to be $8.0 million for the purpose of this memorandum.

Relative Combined Values

The Articles of Limited Partnership of Congdon and Carey, Ltd. 5 provide in paragraph 12(c): "All profits and gains from each prospect area, including gains from the sale or other disposition of mineral properties, shall inure to the Limited Partners in proportion to their respective contributions to the capital of the Partnership attributable to such prospect area, until out of the gains and profits to the Partnership attributable to such prospect area there shall have accrued to the benefit of the Limited Partners the total cost and expenses of the Limited Partners which have been allocated to such prospect area; . . . from and after the time there has accrued to the Limited Partners the total cost and expenses of the Limited Partners which have been allocated to such prospect area, the gains and profits of the Partnership attributable to such prospect area shall inure to the benefit of the General Partners to the extent of 50 percent, and to the benefit of the Limited Partners to the extent of 50 percent . . ."

I believe the above provision of the Articles and any other test of fairness to the Limited Partners can be met if the exchange of assets of Congdon and Carey, Ltd. 5 for consideration from CoCa Mines is structured to include a non-interest bearing production payment equal to the Limited Partners' 80 percent share of the $2.3 million invested in the Flathead and Gilt Edge Projects. The $1,840,000 production payment would become effective immediately after completion of the production payment from Flathead due Superior Oil and would be carved out of the interest of CoCa Mines in the Flathead Project, rather than carved out of the joint interest of CoCa and any third party that might join a Flathead joint venture. This $1,840,000 production payment should be discounted at 15 percent for four years to a present value of $1,000,000 in order to calculate the remainder of the $8.0 million consideration to be issued all the partners of Congdon and Carey, Ltd. 5 by CoCa Mines. At the value of $21.20 per share, CoCa would issue the partners of Congdon and Carey, Ltd. 5 some 330,000 shares of common stock to satisfy the remaining $7.0 million consideration due them.

These shares would represent 24.7 percent of the 1,338,000 shares of common stock of CoCa Mines Inc. then to be outstanding.

The calculations leading to this relative valuation of the assets of CoCa Mines and Congdon and Carey, Ltd. 5 is most sensitive to the assumed future price of silver. However, this sensitivity is significant only in the low end of the price range of silver over the past two years. In other words, if we assume a constant dollar $9.00 price of silver for the remainder of the productive life of the Equity Silver Mine and the presumed life of the Flathead Mine, Equity Silver will only discharge its indebtedness many years in the future and then only if interest rates continue to decline from their present level; further, while the Flathead Mine would return its investment with 15 percent interest at a $9.00 price, it is unlikely the project will be placed in production if the developer concludes the price of silver will average only $9.00. At higher prices, the relative values of these two groups of assets remain fairly steady.

TEC:rdz
Attachments

A. REPORT ON PRODUCING PROPERTIES

1. Equity Silver Mines Limited, British Columbia (Ag, Au, Cu)

CoCa continues to own 1,121,146 shares, or approximately 14 percent, of the issued stock of Equity Silver Mines Limited. During the past three months, the stock has traded between $10 - $16 (Cdn.) per share with a daily volume varying from 200 to 3,000 shares and averaging less than 1,000 shares per trading day.

Financing and operating statistics dated July 28, 1982 are attached as Appendix I.

2. Candelaria Partners, Nevada (Ag)

During the first quarter of 1982, the Candelaria deposit produced silver for a direct operating cost of $7.60 per ounce. The cost of silver produced including depreciation and amortization was $12.20 per ounce. With the silver price declining to less than $6.00, Occidental, with our blessing, ceased mining on June 3 and commenced phasing down the leaching operation. The property is currently on a caretaker status. Financial statements for the period June 30, 1982 are attached as Appendix II.

Immediately prior to the Candelaria shutdown, Occidental Petroleum placed their mining subsidiary (OxyMin) on the market. The principal assets of OxyMin are Candelaria, a 50 percent interest in a 7,000 TPD open pit gold property operated by Amselco, and a number of raw exploration opportunities. The initial asking price for OxyMin was rumored to be $60 million.

A large number of companies both foreign and domestic have been evaluating the acquisition. In mid-August, NERCO Mining Company, a subsidiary of Pacific Power & Light, contacted CoCa to inquire of our position should they purchase the OxyMin interest in Candelaria. NERCO indicated the asking price for OxyMin was now $30 million. Oxy Pete would sell Candelaria only for $15 million and/or Alligator Ridge only for $14.5 million. We responded by indicating a desire to sell our interest for $6 million rather than remain as a non-operating partner.

Review of the Candelaria limited partnership agreement indicates the general partner has the right to dissolve the partnership simply by giving notice to the limited partners. Upon dissolution, the winding up would involve sale of assets in accordance with the income allocations provided in the agreement. This would suggest Occidental could sell the entire property at less than book value to an incoming party with CoCa receiving only 8 percent of the sale proceeds. Should this course of action be followed, we believe CoCa might have grounds for legal action contending a distress sale at the bottom of a market cycle is not prudent business strategy. Do we want another lawsuit? Do we wish to renew our soft bid for Oxy's interest in Candelaria, employing the capital of a new partner?

B. REPORT ON DEVELOPMENT PROPERTIES

1. Flathead Project, Flathead County, Montana (Ag, Au, Pb, Zn, Cu)

Since acquiring Superior Oil's interest in the Flathead Project on May 14, 1982, Congdon and Carey, Ltd. 5 has undertaken a work program aimed toward a preliminary economic evaluation by year-end. CoCa is managing this endeavor. Two-thirds of the general and limited partners agreed to fund the program, and most of these agreed to provide the balance waived by the other one-third of the partnership interests. Superior had left the project with a drilling program in progress. In order to implement a smooth transition, CoCa retained four of the Superior personnel through August. Additional field work and assessment of geologic reserves will require two permanent CoCa employees plus two temporary employees until mid-October. The 1982 CoCa budget for Flathead is $375,000.

A cursory review of the incomplete reserve compilation suggests minable open pit reserves of 1.5 million tons at a grade of 7 oz./ton silver equivalent at low strip ratios. Several separate underground ore blocks each containing 200-700 thousand tons of ore at grades of 8 - 10 opt silver equivalent are indicated by surface drilling. Our current thoughts suggest the property can be initially developed as a 500 - 1,000 TPD open pit operation with a cyanidation mill processing the ore. Our initial investigations suggest the open pit would be profitable at $9 per ounce silver and 1982 operating and capital costs, returning its capital cost in three years. This scheme envisions five years of open pit mining during which time the underground reserves would be developed in a deliberate and conservative manner. The open pit reserves have been delineated in sufficient detail to allow commencement of construction in mid-1983 with completion of a small plant possible by early 1985.

2. Gilt Edge Project, Lawrence County, South Dakota (Au)

Amoco Minerals, the operator of the Gilt Edge Project, is continuing with an approved 1982 budget of $581,200. To date, 4,500 feet of diamond drilling in three holes have been explored for underground grade gold mineralization. By late August assay information had not been received.

On August 18, 1982 we received a letter from Amoco indicating their 80 percent interest in the property was for sale. They state, "The deposit is currently estimated to contain open pit and underground geologic reserves of over 20 million tons averaging 0.05 oz./ton Au. Mineralization continues at depth and additional targets have been identified on the property. Potential for additional reserves appears promising . . . should you be interested in considering acquisition, kindly advise us."

Simultaneously, Amoco is offering for sale their operating Northumberland Nevada gold mine, which commenced operation in 1980. Amoco indicates proven reserves of 10 million tons averaging 0.052 oz./ton Au and 0.25 oz./ton Ag. It is apparent Amoco has made a corporate decision to divest the small gold/silver operations. Can CoCa make a "soft bid?"

We continue to believe Gilt Edge is a viable open pit heap leaching operation at a gold price of $480/ounce on known reserves.

3. Ashby Project, Mineral County, Nevada (Au)

The small operator leasing the property is continuing with metallurgical studies. No production was achieved during the quarter.

4. Round Mountain Project, Custer County, Colorado (Ag)

Two down hole hammer reverse circulation exploration holes were drilled in August to complete annual assessment requirements. Information received from these holes together with reappraisal of the 1980 and 1981 work programs by Freeport Minerals suggest the presence of a marginally economic mineral deposit in the northwest part of the Round Mountain property. Preliminary calculations indicate an inferred mineral inventory totalling 1.4 million tons grading 4.9 opt silver, 0.01 opt gold, 2.4 percent lead and 1.1 percent zinc. Adjacent areas have a potential of 5 million tons.

Chevron Minerals continues to express a strong interest in joint venture participation on the project. We have indicated the property is not available until CoCa has major financing in place. Nevertheless, two Chevron geologists continue with a mapping program and mineralogical study of the area.

5. Gem Park Project, Custer/Fremont Counties, Colorado (Nb, Rare Earths)

The exploration and option agreement with Molycorp has not yet been finalized. The Molycorp Los Angeles legal staff continues to have difficulty with the agreements already ratified by the underlying landowners.

6. Luning Project, Mineral County, Nevada (Au)

No work was performed on the property during the last quarter. A minimal drilling program to fulfill assessment requirements will be undertaken in late August and early September.

7. Jerome Project, Yavapai County, Arizona (Cu, Pb, Zn, Au, Ag)

All physical work has been postponed pending major financing for the company. Nippon Mining continues to express interest in the project.

8. Middle Buttes, Kern County, California

No physical work was undertaken pending financing for the company. Several mining companies have expressed interest in participation.

C. REPORT ON FINANCING

1. Current Status

On July 7, 1982, we obtained a revolving line of credit in the amount of $2,500,000 (U.S.) from the Mercantile Bank of Canada. The line has a maturity date of July 1, 1985 with an annual review insuring we are performing as our representations indicated. The interest rate is the U.S. prime plus one. As collateral the bank received 1,121,146 shares of Equity Silver Mines Limited common stock. Equity is currently selling on the Vancouver Exchange for $16 (Cdn.) per share--up from $10 (Cdn.) in late June. Our collateral agreement has an initial trigger point of approximately $8.90 (Cdn.) per share, at which time we must produce additional collateral or "guarantees acceptable to the lender" within 60 days. If during the 60-day period the share price should fall to approximately $6.70 (Cdn.) per share, the curity period is dropped to 10 days. As of August 30, 1982 CoCa had withdrawn $1.85 million against our credit line.

Since acquiring the Superior interest in the Flathead Project, a large portion of our payroll expense has been carried by Congdon and Carey, Ltd. 5. The partnership agreed to furnish a 1982 budget of $395,000 for Flathead and $280,000 for 1981-82 Gilt Edge expenditures.

2. Distribution of Convertible Debenture Offering

In late 1981 we prepared a proposal for major companies in the mining and oil and gas industries to invest in a $9 million exploration/acquisition program over a three-year term. The proposal was later expanded to include CoCa's willingness to sell 333,000 shares of common stock for $10 million or a price of $30.00 per share. That proposal was presented to approximately 45 potential investors. By mid-April, two investors had agreed to take 20 percent of the exploration program, but the continued decline in metal prices otherwise chilled the market.

Following our June meeting we prepared a $6 million convertible debenture proposal with an attached $4 million stock purchase warrant. A copy of our most recent proposal is attached here as Appendix III. This proposal was sent to most of the North American, European and Japanese contacts we have developed over the past several months. In several cases the help of brokers and other "friends" was employed and our case pressed through one or more meetings in Denver, New York, Los Angeles, San Francisco and Vancouver. We also showed our proposal to and asked the aid of Kidder, Peabody & Co. The senior personnel of the Natural Resources Section of Kidder's New York office advised in July that the public and institutional markets were frightened by any mining investment proposal and urged us to sell our deal directly to potential industry investors. Kidder agreed to vouch for our business capabilities, integrity, etc. and write any sort of "comfort letter" that might be needed but said CoCa itself should offer its deal directly. We believe three investors are seriously considering our proposal, even though specific negotiations have not gone far.

Utah International, a subsidiary of General Electric, is intrigued by the concept of purchasing a minority interest in a smaller entrepreneurial mining group that might generate opportunities for its "big brother" or take over projects generated by Utah but not suited to its large scale of operations. It is continuing a detailed examination of our company. A final decision is largely dependent upon its opinion of the Flathead Project, including the manner in which Utah could join CoCa in development of the property to production. We intend to propose Utah immediately purchase the convertible debenture at $6 million. CoCa would continue exploration/acquisition activities with our major effort directed toward preliminary feasibility of the Flathead Project at the estimated expenditure of $2 million over the next twelve months. Upon receipt of the preliminary feasibility study Utah would have the option of earning a 50 percent position in the property by matching CoCa's 1982-83 expenditures plus interest thereon, and expending an additional $3 million, and arranging senior financing for the project. CoCa would agree to bear its prorata indebtedness representing the senior financing. In the event feasibility indicates the property would sustain an operation in excess of 2,100 tons per day, Utah would become the operating partner.

Callahan Mining Company is also considering the convertible debenture issue. Its president will bring the CoCa investment to the Callahan Directors at their September 9 board meeting, together with two other major investment opportunities. A public company with wide shareholder distribution, an excellent cash position and a shortage of experienced mining personnel, Callahan appears to be an ideal fit for CoCa and perhaps some day a merger candidate.

The Denver manager of a regional investment banker has a long and close relationship with the President of Atlas Corporation. In his opinion, the CoCa convertible debenture offering would be an attractive and sensible investment for Atlas. The working capital of the company is $30 million; all long-term debt was retired early this year; but the high price uranium contracts of Atlas will begin expiring late in 1982. Atlas owns: the uranium mines and mill near Moab, Utah; a concrete business in New Jersey; an automotive and aircraft parts plant in California; and a boot manufacturing business in New York.

Utah is waiting for data from CoCa which is expected to be available within days. The President of Callahan will be in touch soon after his board meeting. The intent of Atlas should be determined within two or three weeks. Thus CoCa should reach its Armageddon within the month.

STATISTICS

	Three Months Ended June 30	Six Months Ended June 30	
	1982	1982	1981
PRODUCTION:			
Ore milled			
— t	475,000	886,000	951,000
— average daily t	5,200	4,900	5,300
— g silver/t	110	110	140
— g gold/t	1.4	1.3	1.1
— % copper	.35	.33	.36
SALES:			
Concentrate			
— t	9,300	19,600	10,400
— g silver/t	6,500	6,700	6,200
— g gold/t	18	18	20
— % copper	15.9	16.2	16.2
CONCENTRATE INVENTORY, END OF PERIOD:			
— t	10,200	10,200	14,900
AVERAGE METAL PRICES — U.S. $:			
Silver (Handy & Harman) — g	.21	.23	.38
Gold (London) — g	10.71	11.19	15.51
Copper (London Metal Exchange) — kg	1.44	1.51	1.79

Conversion factors from metric to imperial
Tonnes (t) x 1.1023 = tons
Kilograms (kg) x 2.205 = pounds
Grams (g) x .032151 = troy ounces

EQUITY SILVER MINES LIMITED

Second Interim Report

June 30, 1982

APPENDIX I

TO THE SHAREHOLDERS EQUITY SILVER MINES LIMITED:

Net earnings for the six months ended June 30, 1982 were $2,559,000 on revenues of $30,151,000. This compares with net earnings of $4,293,000 on revenues of $24,450,000 in the first half of 1981. After provision for preferred share dividends, there was a loss for common shareholders of $862,000 or $0.10 per common share which compares with earnings of $2,059,000 or $0.25 per common share in the same period of 1981.

An increase of 88% in the volume of concentrate sold was offset by much lower prices for silver, gold and copper. Metal markets continue to be severely depressed. The average price of silver was U.S. $0.23 per gram (U.S. $7.18 per troy ounce) compared to U.S. $0.38 per gram (U.S. $11.82 per troy ounce) in the same period of 1981.

A receivable due on a concentrate shipment was discounted to improve the liquidity of the Company by $8,000,000. This was advantageous since the discount rate was below current short-term borrowing costs.

The first shipment of approximately 2,000 tonnes of leached concentrate occurred in June. Leached production is increasing although some technical and operating problems persist.

C. Allen Born
President

Vancouver, B.C.
July 28, 1982

STATEMENT OF EARNINGS (Unaudited)

	Three Months Ended June 30 1982	Six Months Ended June 30 1982	Six Months Ended June 30 1981
		(in thousands)	
REVENUES:			
Concentrate sales	$12,395	$30,011	$24,419
Interest and other income	83	140	31
	12,478	30,151	24,450
EXPENSES:			
Cost of sales	8,437	16,619	7,877
Interest	4,663	9,348	9,073
General and administrative	331	555	656
	13,431	26,522	17,606
EARNINGS (LOSS) BEFORE TAXES	(953)	3,629	6,844
Deferred income taxes	(634)	1,070	2,551
NET EARNINGS (LOSS)	(319)	2,559	4,293
Requirements for preferred share dividends	1,794	3,421	2,234
EARNINGS (LOSS) FOR COMMON SHAREHOLDERS	$(2,113)	$ (862)	$ 2,059
EARNINGS (LOSS) PER COMMON SHARE	$ (0.25)	$ (0.10)	$ 0.25

STATEMENT OF CHANGES IN FINANCIAL POSITION (Unaudited)

	Six Months Ended June 30 1982	Six Months Ended June 30 1981
	(in thousands)	
FINANCIAL RESOURCES WERE PROVIDED BY:		
Operations —		
Net earnings	$ 2,559	$ 4,293
Depreciation and depletion	4,044	3,378
Deferred income taxes	1,070	2,551
	7,673	10,222
Preferred shares issued	8,000	14,000
	15,673	24,222
FINANCIAL RESOURCES WERE USED FOR:		
Reduction of long-term debt	7,000	7,000
Buildings, equipment and property development	3,316	25,008
Other	(94)	251
	10,222	32,259
Increase (decrease) in working capital	5,451	(8,037)
Working capital (deficiency), beginning of period	(56)	2,029
Working capital (deficiency), end of period	$ 5,395	$ (6,008)

Approved by the Board:

Director

Director

CANDELARIA PARTNERS
FINANCIAL STATEMENTS
JUNE 1982
($000's)

Income Statement

	JUNE Month	JUNE YTD
Sales	$ 855	$ 5,489
Cost of Sales	687	7,898
Gross Profit/(Loss)	168	(2,409)
Other Operating Expense	7	7
Other Income	1	3
Interest Income	37	276
Income Before Minority Interest	$ 199	$(2,137)
Minority Interest	(16)	171
Net Income/(Loss)	$ 183	$(1,966)

Balance Sheet as of June 30, 1982

Cash		$ 3,582
Other Receivables		48
Inventories		
Finished Goods	$ 774	
Work In Progress	1,055	
Materials and Supplies	1,171	
Total Inventories		3,000
Prepaid Expenses		183
Total Current Assets		$ 6,813
Property, Plant and Equipment	$ 42,110	
Accum. DD&A	(10,277)	
Net PP&E		31,833
Long-term Deposits		726
Total Assets		$39,372
Accounts Payable Trade		$ 227
Accrued Commissions, Payroll, etc.		72
Accrued Tax Excluding Income and Payroll		2
Other Payables and Accruals		252
Total Current Liabilities		$ 553
Other Deferred Credits		241
Payable to Occidental		3,673
CoCa Mines Interest		116
Occidental Minerals Interest		34,789
Total Liabilities and Partners' Interest		$39,372

Funds Flow Statement for the Six Months Ending June 30, 1982

Sources:	
Net Income	$ (1,966)
DD&A	2,076
Cash Flow from Operations	$ 110
Other Non-Cash Reserves	76
Book Value of Assets Sold, W/O	6
Total Sources	$ 192
Operating Uses:	
Net Investment Non-Cash Working Capital	
Accounts Receivable	(873)
Inventories	789
Accounts Payable & Accrued Liabilities	575
Other	26
Total Non-Cash Working Capital	$ 517
Other Sources and Uses	38
Total Operating Uses	$ 555
Cash Excess/(Deficiency) from Operations	$ (363)
Capital Spending	16
Advances from Occidental	288
Cash Excess/(Deficiency)	$ (91)
Cash - Opening Balance	$ 3,673
Cash - Ending Balance	$ 3,582

CoCa Mines

CoCa Mines Inc. • 1100 Denver Center Building • 1776 Lincoln Street • Denver, Colorado 80203 • (303) 861-5400

August 30, 1982

Mr. Edward R. Farley, Jr.
Chairman of the Board and
President
Atlas Corporation
353 Nassau Street
Princeton, New Jersey 08540

Dear Mr. Farley:

I discussed with you last May our company's offer to sell directly to industry investors (1) common stock of CoCa Mines Inc. for $10 million and (2) an initial $2 million participation in a $9 million exploration/acquisition program. Frankly speaking, that deal did not sell in an industry concerned by continuing metals price declines and other discouraging economic factors, a fact you easily recognized at the time.

Superior Oil in June executed an agreement reassigning for modest consideration its interest in the Flathead Project to Congdon and Carey. We raised $700,000 and are completing Superior's $4.8 million development program. We will have a revised reserve estimate on this project within a few weeks. We are already convinced it is likely to be the most economically attractive undeveloped mining property in the western United States.

We have decided to delay execution of most of our other exploration/acquisition programs. We still seek $10 million of equity capital but are agreed we must "bet our company" on our future performance as mine developers. We will secure an investor's initial $6 million investment with our stake in the Equity Silver Mine and give that investor three to four years in which to decide whether to call back his investment or convert it to common stock and purchase an additional $4 million of equity.

Following the counsel of an investment banker, we propose the following:

(a) The investor would purchase the convertible debenture of CoCa in the amount of $6 million on November 1, 1982, such debenture to be convertible on or before October 31, 1986 into 200,000 shares of the common stock of CoCa Mines at the price of $30 per share. Not publicly traded, we consider our stock to be worth $25 per share today. These new shares would represent approximately 14 percent of the total shares to be then outstanding. The debenture would bear interest at 8 percent, accruing such interest if it is not earned annually. The debenture would be callable by CoCa on sixty days' notice.

(b) As further consideration, CoCa Mines would issue to the investor a warrant expiring on October 31, 1986 to purchase 133,333 shares of common stock of CoCa at the price of $30 per share. These shares would represent approximately 8 percent of the shares to be then outstanding. The warrant would not be separable from the debenture and could be exercised only after conversion of the debenture, bringing the investor's total equity interest to approximately 21 percent.

(c) CoCa intends to employ the initial $6 million funding over the next three years as follows:

(i) Completion of the final feasibility study of the Flathead Project, including drilling, underground development, metallurgical studies and pilot plant tests, final engineering and cost studies at an estimated cost of $3.0 million. The additional and last $2.75 million cost of this project prior to commencement of construction would be funded by development financing.

(ii) Exploration and development of the high grade copper-silver-gold prospect at Jerome, Arizona, the high grade gold property at Middle Buttes, California and, perhaps, the Gilt Edge Project in South Dakota at a cost of $1.0 million. If modest expenditures add lustre to these projects, they would likely be farmed out to third parties.

(iii) Retirement of all the Company's bank indebtedness at the estimated cost of $1.6 million.

(iv) Support of overhead unallocable to specific projects at a cost of $400,000 more than the interest spread to be earned through the investment of cash balances.

(d) At such time as the favorable feasibility of Flathead might be determined, we are assuming the debenture would be converted and the stock purchase warrant exercised with the result CoCa Mines could then fund its share of development equity in the Flathead Project. Depending upon the capital requirements of the project, CoCa might need a development partner, in which event it could offer the first opportunity of additional investment to its own shareholders. This "call" on attractive investments generated by CoCa is an important consideration to an industry investor.

(e) The price of Equity Silver has ranged from $8.75 to $66 (Cdn.) since first issued in 1979; it trades now at $16.12; the shares held by CoCa Mines thus have a market value today of more than $14.0 million (U.S.). In the event current metals market conditions persist for four years and the Flathead feasibility study proves to be unfavorable, the investor is protected on the downside by the value of CoCa's holding of 1.1 million shares of Equity Silver Mines Limited. Presumably, sufficient of these would be liquidated to retire the convertible debenture four years hence in the event the investor does not wish to exercise the conversion privilege during that period.

Attached to this letter is a revised Business Plan dated May 14, 1982 which attempts to outline a pro forma cash flow. Note this schedule reflects the net cash flow of a company investing a significant part of its operating income in the development of still more production capacity.

I will be interested to hear your reaction to this proposal.

Very truly yours,

Thomas E. Congdon

Thomas E. Congdon, President

TEC:rdz
Enclosures

PROXY STATEMENT

COCA MINES INC.
ST. MARY PARISH LAND COMPANY
CONGDON AND CAREY, LTD. 5

This Proxy Statement is furnished in connection with the solicitation by the managements of CoCa Mines Inc., a Delaware corporation ("CoCa"), and St. Mary Parish Land Company, a Delaware corporation ("St. Mary"), and by the general partners of Congdon and Carey, Ltd. 5, a Colorado limited partnership ("C&C5"), for proxies of shareholders and limited partners, respectively, to be used at special meetings thereof to be held January 31, 1983. The purpose of the special meetings is to vote upon the Agreement and Plan of Reorganization dated December 17, 1982 (the "Agreement"), among CoCa, St. Mary and C&C5, providing for the following transactions:

1. CoCa shall be merged into and with CoCa Mines Inc., a newly-formed Colorado corporation ("CMI");

2. CMI shall acquire all of the assets and properties of C&C5; and

3. St. Mary shall purchase, for an aggregate consideration of $4,000,000, 200,000 shares of the Series A Convertible Preferred Stock of CMI and warrants to purchase up to 150,000 shares of CMI common stock at a price of $20 per share.

THE APPROVAL OF A MAJORITY OF THE DISINTERESTED SHAREHOLDERS OF COCA AND ST. MARY, RESPECTIVELY, AND BY A MAJORITY-IN-INTEREST OF THE LIMITED PARTNERS OF C&C5 WHO VOTE ON SUCH MATTERS IS A CONDITION PRECEDENT TO THE EFFECTIVENESS OF THE AGREEMENT.

All shares and partnership interests, as the case may be, represented by properly executed proxies will, unless such proxies have been previously revoked, be voted at the meetings in accordance with the directions on the proxies. If no direction is indicated, the shares or partnership interests will be voted in favor of the Agreement. If any other matters are properly presented to the meetings for action, it is intended that the persons named in the proxies and acting thereunder will vote in accordance with their best judgment on such matters.

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SUMMARY OF TRANSACTIONS

The following summary of certain information contained in this Proxy Statement is qualified in its entirety by the detailed information appearing herein and by the Agreement. See also "CERTAIN CONSIDERATIONS" at page 35 for certain risks applicable to the transactions contemplated by the Agreement.

A copy of the Agreement is available to any shareholder of CoCa and St. Mary and to any limited partner of C&C5 upon request therefor.

The transactions to be voted upon by the shareholders of CoCa and St. Mary and by the limited partners of C&C5 generally provide for the expansion of CoCa through its acquisition of the net assets of C&C5 and its obtaining of at least $4,000,000 of new capital from St. Mary. The transactions specifically involve the following:

1. A new Colorado corporation has been formed known as "CoCa Mines Inc." ("CMI"). The authorized capitalization of CMI is 3,500,000 shares of common stock (the "Common Stock") and 225,000 shares of Series A Convertible Preferred Stock.

2. CMI will acquire by merger CoCa, which is a Delaware corporation. All of the assets and liabilities of CoCa will become the assets and liabilities of CMI, and CMI will issue one share of its Common Stock for each of the presently outstanding 1,008,461 shares of the common stock of CoCa. After the merger, CoCa will cease to exist.

3. CMI will acquire the assets and liabilities of C&C5 in exchange for 330,000 shares of CMI's Common Stock and the retention by C&C5 of production payments from the net revenues of its two mining projects in the aggregate amount of $2,035,537.56. C&C5 will then liquidate and distribute the CMI Common Stock and the right to receive production payments to its partners.

4. CMI will issue to St. Mary 200,000 shares of its Series A Convertible Preferred Stock for $20 per share cash, or an aggregate of $4,000,000. Each share of such Preferred Stock will be convertible into one share of CMI Common Stock at any time up to December 31, 1986. If by that date the Preferred Stock has not been converted to Common Stock, it must then be redeemed by CMI at its original cost. This redemption obligation will be secured by a pledge of 1,000,000 shares of the common stock of Equity Silver Mines Limited. St. Mary will also acquire a warrant to purchase on or before January 31, 1987 up to an additional 150,000 shares of CMI Common Stock for $20 per share.

5. Shareholders of CoCa may elect to purchase up to an aggregate of 25,000 shares of CMI Series A Convertible Preferred Stock for $20 per share and to receive warrants to purchase up to an additional 18,750 shares of CMI Common Stock at $20 per share. The terms of such Preferred Stock and warrants are the same as those to be acquired by St. Mary.

6. The effects of the foregoing transactions are that the shareholders of CoCa will become owners of the same number of shares of the Common Stock of CMI; the partners of C&C5 will cease to be members of that partnership and will become common shareholders of CMI; and St. Mary will become a holder of CMI Preferred Stock and have the right to become a CMI common shareholder, as will those shareholders of CoCa electing to invest on the same basis as St. Mary.

7. The advantages of the foregoing transactions to CoCa and its shareholders are generally (i) the obtaining from C&C5 of two precious metals mining projects on which substantial funds have previously been expended for exploration and development, one of which (the Flathead project in Montana) appears to be viable even at current depressed metals prices and (ii) the obtaining from St. Mary of sufficient capital to carry the Flathead project forward and to continue CoCa's other mineral investment activities.

8. The advantages of the transactions to C&C5 and its partners are (i) the acquisition of an approximately 25 percent interest in the Common Stock of CMI (19 percent after conversion of Preferred Stock and exercise of warrants), which is equivalent to the percentage ownership interest C&C5 might expect to retain in its mining projects were it independently to develop them with third parties, (ii) the participation through CMI Common Stock ownership in the other present and future mineral investments of CMI and (iii) the retention of production payments from the net revenues of C&C5's present mining projects.

9. The advantage of the transactions to St. Mary is diversification of its energy and real estate investment activities into precious metals on a cost basis which reflects current depressed prices and which, through CMI's secured Preferred Stock redemption obligation, minimizes risk.

10. The transfer to CMI of the C&C5 assets and liabilities and the investment by St. Mary are each conditioned upon the occurrence of the other. All transactions are to close simultaneously on January 31, 1983, effective as of December 31, 1982.

BUSINESS OF CMI

CMI was formed December 17, 1982 under the laws of Colorado for the purpose of entering into the transactions contemplated by the Agreement. It is the objective of CMI, following consummation of the Agreement, to continue the business of CoCa and to establish an ongoing, successful and substantial mining company with principal emphasis on precious metals.

The sole shareholder of CMI is CoCa which holds one share of Common Stock. CMI has not conducted any business as of the date hereof, owns no properties or other assets and will commence operations only upon consummation of the Agreement. For information concerning management of CMI following consummation of the Agreement, see "MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI" at page 30.

BUSINESS OF COCA

General

CoCa was formed under the laws of Delaware on June 27, 1980 for the purpose of engaging in the mining business. Effective September 30, 1980, CoCa acquired all of the assets and liabilities of Congdon and Carey, Ltd. No. 4, a Colorado limited partnership, including its interest in Candelaria Partners and its shares of Equity Silver Mines Limited (see "Properties" at page 7).

Management and Principal Shareholders

The executive officers and directors of CoCa are as follows:

Name	Position
Thomas E. Congdon	Chairman of the Board of Directors
William J. Carey	Vice Chairman of the Board of Directors
Hugh J. Matheson	President and Chief Executive Officer; Director
J. Christopher Mitchell	Vice-President; Secretary
Robert A. Rivera	Vice-President - Exploration
Jerry E. Julian	Treasurer
Philip T. Bee	Director
Roger C. Cohen	Director

The following sets forth information, as of December 15, 1982, with respect to the total number of shares of CoCa's common stock held of record by beneficial owners of more than five percent of CoCa's common stock:

	Shares Owned Beneficially and of Record	
Name and Address	Number	Percent of Class
William J. Carey 7322 Blairview Drive Dallas, Texas 75230	256,189.5	25.4
Thomas E. Congdon 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	354,851.5(1)	35.0

(1) Includes an aggregate of 174,563.5 shares held by Mr. Congdon's wife, daughters and trusts for their benefit.

For information concerning the officers and directors and principal shareholders of CMI following its merger with CoCa, see "MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI" at page 30.

Properties

The principal assets of CoCa consist of 1,001,145 shares of Equity Silver Mines Limited, a British Columbia corporation ("ESML"), and a limited partnership interest in Candelaria Partners, a Colorado limited partnership ("Candelaria"). CoCa also owns interests in the Luning prospect (Nevada) and the Kasock Mountain prospect (Nevada). CoCa has negotiated agreements in principle for participation in further exploration and development of the Round Mountain prospect (Colorado) and the Middle Buttes prospect (California).

Equity Silver Mines Limited

CoCa owns approximately 12.1 percent, or 1,001,145 shares, of ESML's common stock. The capitalization of ESML is 8,266,000 shares of common stock, of which Placer Development Limited, a British Columbia corporation ("Placer"), owns 70 percent, and 246,520 shares of cumulative redeemable preferred stock, of which Placer owns 100 percent. As of September 30, 1982, the principal amount owing on the cumulative redeemable ESML preferred shares was $67,052,000 (Canadian), and the cumulative unpaid dividends on those shares were $9,528,000 (Canadian).

The common stock of ESML is traded on the Vancouver Stock Exchange and on December 16, 1982, closed at a price of $26.50 (Canadian) per share. The trading range in 1982 through December 16 has been a low of $10 (Canadian) in June and a high of $27 (Canadian) in early December.

ESML is a successor to several other entities and owns the Equity silver-copper-gold mine near Houston, British Columbia. In 1973, Thomas E. Congdon, on behalf of Congdon and Carey, Ltd. No. 4, the predecessor to CoCa, entered into an agreement providing for further exploration and development of the Equity mining claims with a predecessor of ESML. From discovery in the mid-1960's by others through 1978, a total of approximately $7,000,000 (Canadian) was spent on the Equity project.

On December 20, 1978, an agreement was entered into with Placer for the organization of ESML and its acquisition of the Equity project. Such agreement was consummated in February, 1979, and shortly thereafter Placer committed to place the Equity project into production. Placer arranged for all funding necessary to develop the mine at a cost of approximately $144,000,000 (Canadian).

Production commenced in the fall of 1980. Activities during 1981 are described in ESML's 1981 Annual Report, a copy of which accompanies this Proxy Statement as Exhibit A. The leach plant, designed to reduce the levels of antimony and arsenic, has had a long and difficult startup. In the meantime, sales of unleached concentrate are continuing in the spot market.

ESML metal production in 1982 through September 30 was as follows:

Silver	-	4,756,350 ounces
Gold	-	19,370 ounces
Copper	-	1,583,370 pounds

Placer's engineers have estimated mineable ore reserves in the two known orebodies at the Equity project at December 31, 1981 as follows:

		Ounces/Ton		Percent	
Orebody	Short Tons	Silver	Gold	Copper	Antimony
So. Tail	4,830,000	3.62	0.047	0.559	0.091
Main Zone	23,369,000	2.87	0.024	0.350	0.070

The scheduled ore production shown above does not exhaust the known ore reserves in the two orebodies. Estimates made by CoCa's engineers in 1978 indicated the geologic ore reserves for the two orebodies as:

Tons	Ounces/Ton Silver	Gold	Percent Copper	Antimony
43,203,000	2.83	0.026	0.33	0.09

In addition, the potential exists for developing more ore down dip, along strike and in other potential deposits on the property. It appears that there is sufficient additional mineralization to support the present rates of mining well into the next century.

Messrs. Congdon and Carey serve as two of the seven members of the Board of Directors of ESML. During October and November, 1982 CoCa sold 120,000 shares of ESML common stock for an aggregate consideration of $2,075,000 which was used to retire bank indebtedness.

Candelaria Partners

Candelaria Partners is a Colorado limited partnership of which Occidental Minerals Corporation, a wholly-owned subsidiary of Occidental Petroleum Corporation, is the general partner, holding a 92 percent interest before payout and a 60 percent interest after payout. CoCa, as a successor in interest to Congdon and Carey, Ltd. No. 4 ("C&C4"), is a limited partner with a 7 percent interest before payout and a 37 percent interest after payout. Candelaria Partners was formed in 1976 to develop the Candelaria gold and silver property in Mineral County, Nevada.

The Candelaria property is located 35 miles southeast of Hawthorne, Nevada. Silver mineralization in the Candelaria area has been known for more than 100 years, and the area was a major silver camp in the 1870's and 1880's. Production at that time was from high grade veins using underground mining methods. Technology was not, however, sufficient to permit the extraction of silver from the extensive lower grade areas.

In the late 1960's, interest was rekindled in the Candelaria area. During 1970 through 1972, C&C4 entered into agreements with landowners to obtain the claims now held by Candelaria Partners. Between 1968 and 1970, drilling and sampling was conducted on the Candelaria properties by other parties, and this activity was continued by C&C4 through 1975.

Following the formation of Candelaria Partners, Occidental drilled an additional 205 holes in the two ore deposits. Based upon such testing, Occidental and its engineers estimated reserves as follows:

Deposit	Tons	Ounces/Ton Silver	Gold	Strip Ratio
Lucky Hill	3,969,000	2.64	.0083	1.36:1
Mt. Diablo	8,363,230	3.23	.0060	3.41:1

A geological consultant to Occidental has estimated that a third mineral deposit may contain approximately 6,000,000 tons of ore with a metals content comparable to the above.

The Candelaria mine was brought into production by Occidental in the fall of 1980. At December 31, 1980, Occidental's contributions to the capital of Candelaria Partners amounted to approximately $39,501,000, of which approximately $3,200,000 was spent on exploration, evaluation and property acquisition.

Ninety-two percent of Candelaria profits are allocated to Occidental until it has recovered from cash flow the capital contributed by it to place the property into production, interest on that capital contribution plus income taxes on such portion of cash flow. After payout, all profits are to be allocated 60 percent to Occidental, approximately 37 percent to CoCa and approximately 3 percent to the other limited partners.

From inception of operations in the fall of 1980 through June, 1982, production at Candelaria was as follows:

	Ore to Pads (tons)	Silver (ounces)	Gold (ounces)
1980	120,901	269,718	1,059.6
1981	2,194,327	1,675,280	9,184.6
1982	854,951	747,609	4,734.2
Total	3,170,179	2,692,607	14,978.4

Silver production at Candelaria has been less than anticipated, due to lower ore grades and a less favorable silver extraction rate from ore on leach pads. As a result production costs are higher and losses occur at silver prices of less than $8.00-8.50 per ounce. Accordingly, mining operations were suspended at Candelaria in June, 1982. Concurrently, Occidental Petroleum began terminating most of the employees of Occidental Minerals and sought purchasers for the latter's assets, including Candelaria.

Barring an increase of silver prices into the \$16-20 per ounce range, it is unlikely CoCa will ever receive anything more than 7.4 percent of Candelaria cash flow as, pursuant to the limited partnership agreement, the general partner is unlikely ever to achieve payout of its capital contributions plus interest and taxes.

Luning

The Luning prospect is a prospective gold project in the Santa Fe Mining District approximately 34 miles east of Hawthorne, Nevada. A large variety of mineral products have been mined in the Santa Fe Mining District since 1879, including copper, silver, tungsten and gold. Most recently, exploration by another company has led to the discovery of a gold-silver ore deposit reported to hold 3,350,000 tons grading 0.087 oz/ton gold and 1.3 oz/ton silver.

Prospecting by CoCa in 1981 resulted in identification of a target for disseminated gold mineralization. Detailed surface geologic mapping and sampling in 1981 confirmed the presence of a strong gold geochemical anomaly over a 500 x 1,600 foot area, supported by larger anomalies in antimony, arsenic and mercury. To date, a total of 789 surface samples have been taken, of which 124 are rock samples. Fifty-two percent of the rock samples have gold assays above lower detection limits and range up to 0.338 oz/ton gold, with an average of 0.035 oz/ton. Two reverse circulation drillholes were drilled in 1982 and successfully tested the geochemical anomaly, encountering low grade gold mineralization over 195 feet, averaging 0.035 oz/ton gold. Mineralization was found to exist to a depth of 335 feet, and additional mineralized limestone was found buried under alluvial cover.

Land acquisition work in 1981 consisted of the location of 52 York unpatented lode claims on open federal lands and the purchase of 3 additional unpatented lode claims. The claims are all contiguous and represent a land position of approximately 940 acres.

CoCa's exploration staff has recommended that work in 1983 consist of grid drilling the York target and scout drilling in selected other areas elsewhere on the property.

Kasock Mountain

The Kasock Mountain prospect is located approximately 44 miles north/northeast of Hawthorne, Nevada. The property represents an exploration target for a porphyry copper deposit of large size.

The property consists of 103 unpatented lode mining claims encompassing a total of approximately 2,038 acres located by CoCa personnel in late 1981 and early 1982. CoCa's exploration staff has recommended a program of geochemical and geophysical surveys, together with detailed geologic mapping, to evaluate the prospect's potential and to define drill targets.

Round Mountain

The former partners of Congdon and Carey, Ltd. No. 2 ("C&C2") own an interest in mineral rights in over 2,400 acres covering portions of 11 sections in the Hardscrabble Mining District, Custer County, immediately north of Westcliffe, Colorado. The mineral rights are held through a variety of agreements, including leases, leases with options to purchase, options to purchase and by direct ownership of both patented and unpatented lode mining claims.

Thomas E. Congdon and William J. Carey, on behalf of the former partners of C&C2, have agreed in principle with CoCa for the formation of a limited partnership to acquire and develop the Round Mountain project. CoCa will be the general partner and will make an initial capital contribution of $75,000. At such time as it has contributed to the partnership an aggregate of $1,000,000 of capital, it will be entitled to an 80 percent interest in the project. CoCa will also receive management fees and the reimbursement of its management costs. The C&C2 partners as limited partners will be entitled to a 20 percent interest in the project after CoCa has recovered its capital contributions. CoCa may elect to terminate the partnership at any time after its initial capital contribution. Partnership capital will be used for further exploration and development of the Round Mountain project with the exception of $230,000, plus interest, which will be paid to Mr. Congdon to reimburse him for previous Round Mountain expenditures advanced by him. Should CoCa determine to place the project into production, it must obtain the funds to do so without dilution of the interests of the C&C2 partners.

The foregoing limited partnership is to be entered into upon completion of the transactions among CMI, CoCa, C&C5 and St. Mary described in this Proxy Statement. The terms of such partnership have been approved by the independent members of the Board of Directors of CoCa. Such terms have also been reviewed by an independent mining consultant to CoCa who found them generally to be fair and reasonable and to be as favorable to CoCa as those which could be obtained from an unaffiliated third party.

The original reconnaissance of the Round Mountain area was undertaken in 1962, followed by geologic mapping during the next two years. Exploratory drilling commenced in 1966, and through 1981 a total of 46,137 feet of sampling had been completed.

The Round Mountain project lies within the Silver Cliff volcanic center. While past production was principally from fractures in volcanic rocks filled with lead-zinc-silver ores, C&C2's exploration effort has been directed towards the evaluation of the "Kate" manganese silver ore deposit. The manganese minerals have combined with the silver in such a way as to render conventional cyanidation methods ineffective.

The next phase of work at Round Mountain will require fill-in drilling to complete ore definition in the Kate area, where present reserves are estimated to be four to seven million tons at a grade of 2.7 oz/ton silver, using a one ounce cut-off. The drilling program will be augmented by metallurgical testing to provide cost and recovery data for the production of silver in a marketable form.

CoCa's exploration staff believes there is excellent potential for the addition of from two to five million tons of a grade comparable to the Kate mineralization in untested areas adjacent to the Kate zone. In addition, a re-evaluation of areas previously worked by others for lead-zinc-silver mineralization appears to be warranted.

Middle Buttes

The Middle Buttes project is an effort to define gold and silver mineralization in an area approximately 25 miles north/northwest of Lancaster, California. The site includes the former Cactus Queen mine, which was a 250-ton per day operation owned by the Mudd family of Los Angeles. The mine was operated from 1936 to 1942, when it was closed by Presidential Order.

This project has been funded solely by Messrs. Congdon and Carey. Expenditures commenced in the summer of 1979 and through September, 1982 amounted to approximately $720,000.

Land acquisition began in the fall of 1979. An aggregate of nine leases have been executed, and in addition, 20 unpatented lode mining claims have been located on open federal lands. The lease on the area containing the bulk of the known mineralization provides for a sliding-scale earned royalty, with a minimum rate of royalty of 4 percent on ores with a net smelter return value of $40 per ton or less, to a maximum of 12½ percent, generally on ores having a net smelter return value of $500 per ton or more. The other eight leases provide for a 2½ percent royalty rate for ores having a net smelter return value of $25 per ton or less, increasing pro rata to the maximum rate of 12½ percent to ores having a net smelter return value of $125 per ton or more. In all leases, the ore values are adjusted quarterly in relation to movements in the Consumer Price Index since June, 1979.

To date, 33 rotary and 11 diamond holes totaling 15,744 feet have been completed. Seven intercepts of more than 10 feet of thickness grading 0.10 oz/ton gold or more have been encountered. The most encouraging of these intercepts grades 2.89 oz/ton gold and 2.5 oz/ton silver through a 10-foot thickness at a site more than 800 feet from the old mine workings. Two possible ore reserves are indicated. The "Shumake Zone" has potential for development as a low grade gold deposit with a low waste/ore ratio, while the "Cactus Zone" is a potential underground producer.

Messrs. Congdon and Carey have agreed in principle with CoCa to form a joint venture to acquire and develop the Middle Buttes project. CoCa will make an initial capital contribution of $200,000 and at such time as it has contributed to the venture an aggregate of $1,000,000 of capital and committed to cause the project to be placed into production, it will be entitled to a 77½ percent interest in the project. CoCa will also receive management fees and the reimbursement of its management costs. Messrs. Congdon and Carey will be entitled to a 22½ percent interest in the venture after CoCa has recovered its capital contributions. CoCa may elect to terminate the venture at any time after its initial capital contribution. Capital of the venture will be used for further exploration and development of the Middle Buttes project. Funding to place the project into production must be obtained by CoCa without dilution of the interests of Messrs. Congdon and Carey.

The foregoing joint venture is to be entered into upon completion of the transactions among CMI, CoCa, C&C5 and St. Mary described in this Proxy Statement. The terms of such venture have been approved by the independent members of the Board of Directors of CoCa. Such terms have also been reviewed by an independent mining consultant to CoCa who found them generally to be fair and reasonable and to be as favorable to CoCa as those which could be obtained from an unaffiliated third party.

BUSINESS OF C&C5

General

C&C5 was organized as a limited partnership under the laws of Colorado on July 1, 1974. Since such time, it has engaged in the mining business. C&C5 currently controls all of the mineral rights to the Flathead silver-gold-base metal project in Flathead County, Montana, and with Amoco Minerals controls the mineral rights to the Gilt Edge gold project in Lawrence County, South Dakota.

Upon consummation of the Agreement described herein, C&C5 will liquidate and dissolve and will distribute the CMI Common Stock and the Flathead and Gilt Edge production payments to the partners of C&C5 as described in "DESCRIPTION OF TRANSACTIONS" at page 23.

Management and Principal Owners

The general partners of C&C5 are William J. Carey and Thomas E. Congdon, each of whom owns a 26.9096 percent interest in C&C5 after payout.

The following limited partners of C&C5 each own in excess of five percent of the aggregate partnership interests after payout in C&C5:

Name	Percentage Interest
George G. Anderman	6.5278
Helmerich & Payne, Inc.	8.1598
Nelson Bunker Hunt	5.2084
Mrs. Janet Levy	8.1598

Properties

Gilt Edge

The Gilt Edge project is a potential low grade open pit gold mine in the Black Hills of South Dakota. The property consists of approximately 830 acres held by two principal leases on patented and unpatented lode mining claims, plus additional unpatented claims located by Amoco Minerals, operator of the Gilt Edge joint venture with C&C5.

Amoco Minerals has an 80 percent interest in the joint venture and C&C5 a 20 percent interest. The joint venturers are obligated to fund their respective shares of the venture's costs or suffer dilution.

The Gilt Edge property produced gold from intermittent underground and open pit mining operations from 1897 through 1941. C&C5 assembled a property position in 1971 and undertook for its own account an exploration program seeking copper and molybdenum mineralization beneath the previously worked gold deposits. This effort was unsuccessful and the property position was allowed to lapse. Improving gold prices in 1975 led to a request from Cyprus Mines (now Amoco Minerals) for assistance in reassembling the property position and to the formation of the Gilt Edge joint venture.

Through 1981, a total of 231 exploratory holes for 62,000 feet of drilling was completed, as well as the reopening of a portion of the underground workings and the completion of a considerable amount of metallurgical testing to determine the amenability of the ore to low cost heap leaching methods. The ultimate potential of the project is presently considered to be 20 million tons of ore in a single open pit at a grade of 0.047 oz/ton gold at a cut-off grade of 0.020 oz/ton. Expenditures through September, 1982 were in excess of $3,866,000.

A deposit of the Gilt Edge scale may be too small to be of interest to Amoco Minerals. During 1982, exploration efforts were directed at locating higher grade mineralization mineable by underground methods which appears to have been unsuccessful. Amoco Minerals has invited a number of mining companies to review the Gilt Edge data with a view to offering to purchase Amoco Minerals' interest. It is expected that purchase offers, if any, will fall short of Amoco Minerals' expectations and that it may thereafter negotiate to turn the property back to C&C5.

It is the opinion of C&C5 that Gilt Edge could be a profitable small scale, open pit, heap leach operation at a price level only slightly higher than the current gold price.

Flathead

The Flathead project is a relatively high grade silver property with potential byproducts of gold, lead, zinc and copper. The property consists of ten and one-half sections of land, 35 miles northwest of Polson, Montana, held pursuant to lease agreements with Anaconda Minerals Company, Burlington Northern Railroad Company and the Department of State Lands, State of Montana.

Initial geologic reconnaissance was carried out by C&C5 in 1972, and lease negotiations commenced in 1975. C&C5 assigned the leases to Hog Heaven Partners ("HHP") in 1979. C&C5 was the sole limited partner in HHP and Canadian Superior Mining (U.S.) Ltd. ("Superior") was the sole general partner. An agreement was reached with Superior on May 15, 1982 to terminate HHP.

Mineralization was first discovered on the Flathead property by local ranchers in 1913, but commercial production did not commence until 1934, when Anaconda began shipping ore to Montana smelters. Low metal prices and a shortage of labor forced Anaconda to suspend operations in mid-1946. There was no further production until 1963, when a lessee commenced open pit mining which continued through 1975. There has been no underground mining since 1946. While production records are incomplete, the following summary of prior production from Flathead is believed to be reasonably accurate:

Tons Mined	Silver	Other Metals
134,000	26.6 oz/ton	0.02 oz/ton gold
139,000	18.2	12.1 percent lead
17,000	28.9	0.004 oz/ton gold plus 1.2 percent copper

or 6,580,000 ounces of silver plus additional values in gold and base metals.

From 1975 through 1978, C&C5 spent approximately $1,035,000 in completing 45 diamond holes totaling 24,850 feet and reopened, rehabilitated and mapped portions of the underground workings. C&C5 was also able to locate the very extensive assay and sampling records that had been prepared by the mine staff during the years 1934-1946.

C&C5's exploration objective was the definition of a bulk tonnage deposit with potential reserves mineable by both open pit and underground methods, in the range of 50 to 100 million ounces of silver. Results through 1978 suggested the existence of such a target, and C&C5 invited a number of companies to consider participation in further drilling and development of the Flathead property. An agreement was reached with Superior in early 1979 whereby HHP would be formed, with Superior contributing all the funds required to complete, at Superior's sole discretion, a feasibility study on the project.

In the 1979-1981 period, Superior completed approximately 425 drill holes, of which 67,865 feet represented rotary drill holes and 31,079 feet represented diamond drill holes, with emphasis on definition drilling of open pit reserves. Superior also initiated metallurgical testwork and environmental baseline studies and acquired on behalf of HHP various buildings and related facilities to support a large scale exploration effort. Superior's contributions to HHP during this three-year period were approximately $3,743,000.

In early 1982, Superior requested a renegotiation of the terms of the HHP partnership agreement. It believed that the exploration effort to develop open pit reserves, while successful, would require a lesser scale of operations than it had originally anticipated, and that fact, coupled with estimated operating costs and depressed silver prices, would result in less favorable economics. C&C5 declined to renegotiate the agreement and instead agreed with Superior that HHP be dissolved and the Flathead property returned to C&C5. Superior will receive a non-interest bearing $2,650,000 production payment payable out of ten percent of Flathead net profits after recoupment with interest of all funds invested in the project subsequent to May 15, 1982.

The production payment of $1,314,701.89 to be retained by C&C5 from the Flathead project is payable only after the Superior production payment has been paid in full.

Since C&C5 reacquired Flathead CoCa personnel have completed the assaying of Superior's 1981 drilling program and prepared plan maps and cross sections from all available geologic and drilling data in order to recalculate ore reserves. Work on the environmental baseline studies has been continued, and metallurgical samples have been prepared from drill core representative of the various ore types and areas within the proposed mine. Metallurgical testing is presently underway at Hazen Research, Inc., Golden, Colorado, and preliminary results should be available by year-end. This 1982 work by C&C5 is estimated to cost $375,000.

The present estimate of ore reserves is shown in the following table:

Flathead Project Ore Reserves
Organized by Potential Mining Method

	Cutoff (2)	Tons	Equiv. Ag oz/ton (2)	Grade Ag oz/ton	Grade Au oz/ton	Pb+Zn	oz Ag (2) Equiv.
Open Pit							
Ole Hill	1.0 oz Ag equiv.	1,725,000	2.6	2.1	0.013	(1)	4,500,000
Main Mine	2.0 oz Ag	1,800,000	5.7	5.1	0.015	(3)	10,300,000
							14,800,000
Underground							
"Flat" reserve	4.0 oz Ag equiv.	2,400,000	10.2	5.6	0.003	4.5%	24,500,000
"Steep" reserve	4.0 oz Ag equiv.	750,000	9.0 est	5.0 est	.012 (est)	3.5%	6,750,000
"Bulk" reserve	1.0 oz Ag equiv.	5,500,000	4.2	2.8 est	0.015	0.8%	23,000,000
							54,250,000
							69,000,000 oz Ag equiv

Ag = silver; Au = gold; Pb = lead; Zn = zinc.

(1) Not assayed, not recoverable in this oxide environment.

(2) Assume $0.25/lb NSR for Pb & Zn, $5.00/oz for Ag & $200/oz for Au: $Au:$Ag=40:1.

(3) Pb+Zn are at least 0.8%, locally much higher. Most of this environment is oxide and mixed oxide/sulfide. The base metals are probably not recoverable.

As indicated above, the ore reserves represent both open pit and underground ore. While the Ole Hill material can be mined by open pit methods, the substantially higher silver content of a portion of the underground reserves suggests it would be more profitable to process these ore reserves in preference to Ole Hill reserves.

C&C5 believes a full study of the feasibility of placing the Flathead property into production should be undertaken. The conceptual plan would be based on a production rate of approximately 1,000 tons per day, the initial three and one-half years of ore coming from the Main Mine reserves, with an additional eight and one-half years of ore coming from underground reserves to be phased in as Main Mine ore reserves are depleted. Oxidized, near surface ores would be processed initially using a conventional cyanidation circuit to extract silver and gold, which would be sold to a third party refinery. As the deeper sulfide ores are mined, a flotation circuit would be added to recover flotation concentrates containing the precious and base metals. These concentrates would be sold to third party smelters for subsequent processing. Assuming a favorable conclusion to the study and expeditious handling of applications for various government permits and negotiation of project financing, construction could commence in the spring of 1984, with first production approximately 12 months later.

Preliminary calculations indicate the cost to produce one ounce of silver at Flathead (exclusive of financing costs) will be similar to production costs at the most efficient of the silver mines in the Coeur d'Alene district of Idaho and western Canada, and thus cost competitive on a worldwide basis. It is anticipated that capital costs will be approximately $30 million or less, including working capital and some development work on the underground ore zones.

BUSINESS OF ST. MARY

General

St. Mary was incorporated under the laws of Delaware on January 23, 1915. St. Mary's assets consist primarily of leasehold or ownership interests in undeveloped and producing oil and gas properties, undeveloped land and developed multi-family residential and office rental properties. All residential and commercial real property is held by subsidiaries of St. Mary for investment. St. Mary obtains significant revenues from its royalty and working interests in oil and gas properties.

Management and Principal Shareholders

The executive officers and directors of St. Mary are as follows:

Name	Position
Thomas E. Congdon	President; Director
Walter I. Auran	Senior Vice President; Director
William C. Lagos	Vice President; Secretary
Jerry E. Julian	Vice President - Finance; Treasurer
Richard A. Weber	Real Estate Investment Manager
Richard C. Norris	Controller
Salisbury Adams	Director
George G. Anderman	Director
Robert G. Boucher	Director
Robert M. Bowman	Director
James H. Claypool	Director
Clinton T. Dyer	Director
William P. Van Evera	Director

The following sets forth information as of December 15, 1982 with respect to the total number of shares of St. Mary's common stock held of record by beneficial owners of more than five percent of St. Mary's common stock:

	Shares Owned Beneficially and of Record	
Name and Address	Number	Percent of Class
Ordean Foundation c/o Trust Department First American National Bank Duluth, Minnesota 55802	60	12.0

Name and Address	Shares Owned Beneficially and of Record — Number	Percent of Class
James C. Dudley 521 Fifth Avenue New York, New York 10017	35.4166	7.0
Hartley & Company 740 East Superior Duluth, Minnesota 55802	30	6.0
Margaret D. Noe Stoneleigh Bronxville, New York 10708	28.5(1)	5.7
Thomas E. Congdon 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	25.8255(2)	5.1
Mary C. Van Evera 807 Lonsdale Building Duluth, Minnesota 55802	25.8056(3)	5.1

(1) Includes 4 shares held in trust for Mrs. Noe's children.

(2) Includes an aggregate of 17 shares held by a trust for the benefit of Mr. Congdon and by his wife and children and trusts for their benefit.

(3) All shares are held by trusts for the benefit of Mrs. Van Evera and her children.

VALUATION

Following the completion of the transactions among CMI, CoCa, C&C5 and St. Mary, the outstanding capitalization of CMI will be 1,732,211 shares of Common Stock, assuming the purchase of 225,000 shares of its Series A Convertible Preferred Stock and the conversion of all such Preferred Stock and the exercise of Warrants to purchase 168,750 shares of Common Stock. Of such Common Stock 393,750 shares, or 22.7 percent, will have been acquired for $7,875,000 cash through the conversion of Preferred Stock and the exercise of Warrants; 1,008,462 shares, or 58.2 percent, will have been issued to the present shareholders of CoCa in exchange for the assets and liabilities of that corporation; and 330,000 shares, or 19 percent, will have been issued to the partners of C&C5 in exchange for its assets and liabilities (exclusive of its retained Gilt Edge and Flathead production payments).

The Board of Directors of CoCa and St. Mary and the general partners of C&C5 agreed upon the foregoing proportionate ownerships based primarily upon a determination of the underlying valuations of CoCa and C&C5 as follows:

1. The net value of CoCa was determined to be $19,558,032 or $19.40 per outstanding share of CoCa common stock. This value was in turn based upon a valuation of $17,807,967, or $17.78 per share, for the 1,001,145 shares of ESML common stock owned by CoCa, $1,120,000 for its 7.4 percent limited partnership interest in Candelaria Partners, $224,386 for the September 30, 1982 book value of its other assets and $1,500,000 for its "going concern" value, with the total of the foregoing reduced by $1,094,321 for CoCa's September 30, 1980 promissory notes payable. The ESML valuation represents the average quoted market price of those shares during October, 1982 and the Candelaria Partners valuation represents what CoCa would receive if the Candelaria property had been sold at the price at which it was offered for sale earlier this year. The reasonableness of the valuation of the ESML common stock was confirmed by a calculation of the present value of the estimated future cash flow from the dividends to be received on those shares. The "going concern" value of CoCa is based in part on the more than $2,000,000 which it has expended since its organization in 1980 on its general corporate purposes and activities and on its other prospects.

2. The valuation of C&C5 was determined by a calculation of the present value of the estimated future cash flow from the Flathead mining project discounted to reflect the fact that the mine is not yet in production and to reflect the economic and metallurgical uncertainties of placing it in production. The resulting valuation of Flathead was $7,700,000. A value of $300,000 was assigned to the Gilt Edge mining project. From this $8,000,000 total there was subtracted the estimated present value ($1,400,000) of the $2,035,537 non-interest bearing production payments to be retained by the C&C5 limited partners resulting in a net value of C&C5 of $6,395,476.

3. Recognizing that 1,008,462 shares of CMI Common Stock are to be issued to the shareholders of CoCa, utilizing the foregoing values results in the issuance of 330,000 CMI shares to C&C5. Accompanying this Proxy Statement as Exhibit B hereto is the October 13, 1982 Report of Kilborn Engineering (B.C.) Ltd. of Vancouver, Canada with respect to the relative values of CoCa and C&C5. It concludes that the value of CoCa is $16,630,000 and the value

of C&C5 is $5,810,000. These relative values are approximately the same as the relative values represented by the above Common Stock division between CoCa and C&C5 and generally confirm the judgments of the managements of CoCa, C&C5 and St. Mary.

4. A price of $20 per share was determined for the Series A Convertible Preferred Stock of CMI and the accompanying Warrants based upon the above values and upon values assigned to (i) a premium for the Preferred Stock on account of its preferential claim to dividends and assets over Common Stock and (ii) the Warrants which entitle the holders thereof to elect to increase their equity ownership in CMI at any time during a four-year period.

USE OF NEW CAPITAL

Assuming the sale of 225,000 shares of its Series A Convertible Preferred Stock, CMI will realize $4,500,000 of new capital. This capital will generally be utilized as follows:

Flathead project:	$2,000,000
Other mining projects:	$ 675,000
General working capital:	$1,825,000

If the Warrants to acquire 168,750 shares of CMI Common Stock are exercised, CMI will realize $3,375,000 of additional capital. This capital will be utilized for Flathead and other mining projects to the extent justified by their exploration and development progress and the balance will be added to general working capital.

DESCRIPTION OF TRANSACTIONS

General

The transactions provided for by the Agreement are summarized in "SUMMARY OF TRANSACTIONS" at page 4. The Agreement contains comprehensive representations and warranties of CMI, CoCa and C&C5 as to their status, business and financial condition. Consummation of the transactions is conditional upon those representations and warranties remaining true and upon all parties to the Agreement complying therewith. The closing of the transactions is also conditional upon (i) a favorable opinion by Cohen Brame & Smith, Professional Corporation, on the income tax effects of the transactions, (ii) a determination by St. Mary that, based upon the metallurgical testwork of Hazen Research Inc., the C&C5 Flathead mining project is economically viable, (iii) the agreement of the holders of CoCa's $1,094,321 September 30, 1980 promissory notes to forego payments thereon while the CMI Series A Convertible Preferred Stock is outstanding, and (iv) the approval of the transactions by a disinterested majority of the shareholders of CoCa and St. Mary who vote thereon and by a majority-in-interest of the limited partners of C&C5 who vote thereon.

Other aspects of the transactions provided for by the Agreement are described below.

Capitalization

The capitalization of CMI, after completion of the transactions described herein, will be as follows:

Common Stock -	Authorized Outstanding	3,500,000 1,338,462(1)
Series A Convertible Preferred Stock -	Authorized Outstanding	225,000 225,000(2)
Common Stock Warrants -	Authorized Outstanding	168,750 168,750(2)
Promissory Notes due September 30, 1985 -	$1,094,321	
Production Payments -	Canadian Superior C&C5 Partners	$2,650,000 $2,035,537

(1) Assuming conversion of the Convertible Preferred Stock and exercise of all Warrants, the Common Stock outstanding would increase to 1,732,217 shares.

(2) Assuming the purchase of 25,000 shares of Series A Convertible Preferred Stock and Warrants to purchase 18,750 shares of CMI Common Stock by shareholders of CoCa.

CMI Common Stock

CMI is authorized to issue 3,500,000 shares of common stock, $.01 par value ("Common Stock"). Each shareholder is entitled to one vote for each share of Common Stock held by him. Shareholders are not entitled to cumulative voting in the election of directors. Holders of Common Stock have no redemption, sinking fund or conversion privileges, and do not have preemptive rights. When issued, all shares of Common Stock will be fully paid and non-assessable.

Holders of Common Stock are entitled to dividends when and if declared by the Board of Directors of CMI, except that (i) no dividends may be paid while there remains unpaid any dividends on the CMI Series A Convertible Preferred Stock, and (ii) no dividends may be paid so long as the September 30, 1980 promissory notes of CoCa are outstanding in the aggregate principal amount of $1,094,321.

Shares of Common Stock are entitled to share equally in the assets of CMI available for distribution to holders of Common Stock upon liquidation or dissolution of CMI, whether voluntary or involuntary. Assets of CMI will not, however, be available for distribution to holders of Common Stock until there has been paid to holders of CMI Series A Convertible Preferred Stock the sum of $20 per share plus any unpaid dividends with respect to such Preferred Stock.

CMI Preferred Stock

CMI is authorized to issue 225,000 shares of Series A Convertible Preferred Stock, $20 par value. Each holder of CMI Preferred Stock is entitled to one vote for each share held by him. The holders of Series A Convertible Preferred Stock also have the right to vote separately from the holders of Common Stock on any consolidation, merger or sale of substantially all the assets of CMI or on any capital reorganization or reclassification of the capital stock of CMI. When issued, all shares of CMI Series A Convertible Preferred Stock will be fully paid and non-assessable.

The holders of Series A Convertible Preferred Stock are entitled to dividends out of the retained earnings of CMI at the annual rate of $1.60 per share prior to the payment of any dividends on CMI Common Stock. Such Preferred Stock dividends shall not however be paid to the extent that they exceed the net income of CMI for any year and the right to such dividends, if not paid, is cumulative.

Each share of the Series A Convertible Preferred Stock is convertible at the option of the holder thereof at any time into one share of CMI Common Stock. Such conversion ratio shall be adjusted proportionately in the event of any change in the capital structure of CMI through a division or consolidation of Common Stock or similar transaction.

Beginning January 1, 1984, CMI may at any time redeem all or any portion of the Series A Convertible Preferred Stock at a price of $20 per share plus the amount of any unpaid dividends thereon. Any such redemption must be preceded by 45 days notice during which period the Preferred Stock may be converted to CMI Common Stock.

To the extent that the Series A Convertible Preferred Stock has not been converted to CMI Common Stock on or before December 31, 1986, or upon any default under the Agreement, CMI is obligated on that date to redeem such Preferred Stock for $20 per share plus the amount of any unpaid dividends thereon. The obligation of CMI to redeem the Preferred Stock, if not converted, is secured by a pledge of 1,000,000 shares of the common stock of ESML (see "BUSINESS OF COCA - Properties"). CMI has the right to sell the ESML shares and retain the proceeds therefrom so long as there remains subject to the pledge at least five shares of ESML or $20 cash for each outstanding share of Series A Convertible Preferred Stock. CMI is also obligated, if requested by holders of the Series A Convertible Preferred Stock, to redeem some or all of such Preferred Stock in the event of any decline in the market price of ESML shares to $8 (Canadian) or below or in the event of any breach by CMI of the various covenants, representations or warranties contained in the Agreement.

Upon any liquidation of CMI the holders of the Series A Convertible Preferred Stock are entitled to receive out of the assets of CMI available for distribution, before any payment to the holders of Common Stock, the sum of $20 per share plus the amount of any unpaid dividends.

CMI Warrants

There will be outstanding Warrants to purchase 150,000 shares of CMI Common Stock, together with Warrants to purchase an additional 18,750 shares of Common Stock to the extent subscribed for by the common stockholders of CoCa. The Warrants are exercisable at a price of $20 per share and only in conjunction with the conversion to CMI Common Stock of its Series A Convertible Preferred Stock. Warrants to purchase three shares of Common Stock may be exercised for each four shares of Series A Convertible Preferred Stock which are converted to Common Stock, and to the extent that such Preferred Stock is not converted to CMI Common Stock, the Warrants will not be exercisable.

Registration Rights

The holders of CMI Common Stock acquired by conversion of its Series A Convertible Preferred Stock and exercise of its Warrants are entitled under certain circumstances to cause such Common Stock to be registered for resale under the Securities Act of 1933. The registration rights include the right on one occasion to demand such registration by CMI provided that there has elapsed the lesser of four years since the date of the conversion of at least 100,000 shares of the Series A Convertible Preferred Stock or six months since the effective date of another registration statement filed under the Securities Act of

1933 by CMI. The holders of CMI Common Stock acquired by conversion of the Series A Convertible Preferred Stock and by exercise of the Warrants are also entitled to include such Common Stock within any registration statement which CMI itself proposes to file provided that the inclusion of such additional Common Stock is not determined to be disadvantageous by any underwriter thereof.

Other Covenants

So long as CMI Series A Convertible Preferred Stock is outstanding, CMI has covenanted to provide to the holders of such Preferred Stock complete quarterly and annual financial information, together with such other information on CMI' as they may request, and to accord to them the right to meet with officers of CMI to discuss its operations and financial condition. CMI has also covenanted, so long as any such Preferred Stock is outstanding, not to incur indebtedness or obligations which in the aggregate at any one time exceed $1,500,000, excluding indebtedness which is subordinate to the Preferred Stock and excluding the September 30, 1980 promissory notes in the principal amount of $1,094,321. So long as St. Mary is the holder of at least 100,000 shares of the Series A Convertible Preferred Stock, CMI is obligated to cause to be elected as a member of its Board of Directors a person designated by St. Mary, together with a person jointly designated by St. Mary and CMI (see "MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI").

Promissory Notes

CMI will have outstanding promissory notes in the aggregate principal amount of $1,094,321 which were previously obligations of CoCa. The promissory notes are due on or before September 30, 1985 and are non-interest bearing. The notes are payable earlier out of and to the extent of one-half of CMI's cash flow in excess of $1,000,000 annually. It is a requirement, however, of the Agreement that each holder of the promissory notes agrees that (i) dividends may be paid on the CMI Series A Convertible Preferred Stock while the promissory notes remain outstanding, and (ii) no payments of principal will be made on the promissory notes while there remains outstanding any shares of the Series A Convertible Preferred Stock.

Production Payments

C&C5 will retain a production payment with respect to the Flathead mining project in the amount of $1,314,701.89 and a production payment with respect to the Gilt Edge mining project in the amount of $720,835.67. Both production payments will be payable out of 10 percent of CMI's net revenues from such projects after the payment of all costs and expenses and after CMI has recovered from such net revenues all of its capital expenditures for such projects together with interest thereon at 2 percent per annum over the prime rate. The Flathead production payment is also subject to the prior payment in full of a $2,650,000 production payment held by Canadian Superior Mining (U.S.) Ltd. Following the acquisition of its assets by CMI, C&C5 intends to dissolve and assign such production payments to its limited partners.

TAX EFFECTS

In the opinion of Cohen Brame & Smith, Professional Corporation, the transactions described herein among CMI, CoCa, St. Mary and C&C5 will have the following income tax consequences.

1. Pursuant to Sections 351, 354, 361 and 368 of the Internal Revenue Code of 1954 (the "Code") no gain or loss will be recognized by CoCa or its shareholders with respect to the merger of CoCa into CMI. Each shareholder of CoCa will have a basis for his CMI Common Stock equal to the basis of his CoCa common stock and the holding period for such CMI Common Stock will include the period he held his CoCa common stock.

2. Pursuant to Section 382(b)(1) of the Code any net operating loss of CoCa will become a net operating loss of CMI available for use by it to the same extent available to CoCa.

3. Pursuant to Section 351 of the Code the partners of C&C5 will not recognize any gain or loss with respect to their receipt of CMI Common Stock. The C&C5 partners will recognize income with respect to payments received by them on the production payments to be retained by C&C5 from the Gilt Edge and Flathead mining projects. Pursuant to Section 453 of the Code such production payment income will however be recognizable only as received under the installment method of reporting and such income will be taxable as ordinary income to the extent it represents imputed interest or previously deducted depreciation or exploration expenditures. Previously claimed investment tax credits may be subject to recapture at the time of the transfer. The basis of CMI Common Stock received by each C&C5 partner will be equal to such partner's basis in his previously held partnership interest.

4. No gain or loss will be recognized by St. Mary or by shareholders of CoCa with respect to their purchase of CMI Series A Convertible Preferred Stock and Warrants, nor will any gain be recognized by them upon the conversion of such Preferred Stock or the exercise of such Warrants.

Dividends received by St. Mary on CMI Preferred Stock will be eligible for the 85 percent dividend received deduction pursuant to Section 243 of the Code.

The foregoing is only a brief, general summary of the income tax consequences of the transactions among CMI, CoCa, C&C5 and St. Mary provided for by the Agreement. A ruling of the Internal Revenue Service on the foregoing income tax consequences has not been applied for and the opinion of Cohen Brame & Smith, Professional Corporation, is dependent upon certain facts and assumptions including the existence of a business purpose for all of the transactions. The Code and the Treasury Regulations thereunder are subject to change and re-interpretation prospectively and retroactively. For all of these reasons there can be no assurance of the tax consequences of such transactions and each person is urged to consult his own tax adviser with respect thereto.

RESALE RESTRICTIONS

The CMI Common Stock, Series A Convertible Preferred Stock and Warrants to be issued pursuant to the Agreement have not been registered under the Securities Act of 1933 and will be issued in a transaction not involving any public offering pursuant to the registration exemption provided by Section 4(2) thereof. Such Common Stock, Preferred Stock and Warrants will be acquired by the holders thereof (including the partners of C&C5 on distribution of the Common Stock) for their own account for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof. Each holder must hold such securities indefinitely and must therefore bear the economic risk of such investment indefinitely unless a subsequent disposition thereof is registered under the Securities Act of 1933 or is exempt from registration.

There is no market for the CMI Common Stock, Preferred Stock or Warrants and Rule 144 under the Securities Act of 1933 is not presently available for any resales of such securities.

Prior to distribution of the shares of CMI Common Stock to the shareholders of CoCa and the limited partners of C&C5 pursuant to the Agreement, such shareholders and limited partners will be required to execute an investment letter representing that such shares of CMI's Common Stock are being acquired for their own account for investment and not with a view to resale or distribution thereof. Furthermore, each shareholder and limited partner must represent that he is able to bear the economic risk of such investment indefinitely and agree to hold his shares of CMI Common Stock for an indefinite period of time.

MANAGEMENT AND PRINCIPAL SHAREHOLDERS OF CMI

Upon consummation of the Agreement and the transactions contemplated thereby, the following persons will serve as the executive officers and directors of CMI:

Name	Position
Thomas E. Congdon	Chairman of the Board of Directors
William J. Carey	Vice Chairman of the Board of Directors
Hugh J. Matheson	President and Chief Executive Officer; Director
J. Christopher Mitchell	Vice President; Secretary
Robert A. Rivera	Vice President - Exploration
Jerry E. Julian	Treasurer
Philip T. Bee	Director
Robert G. Boucher	Director
Roger C. Cohen	Director
James C. O'Rourke	Director

The executive officers of CMI will devote such time and effort to CMI as may be required in order to properly conduct and administer its business and affairs.

Thomas E. Congdon (age 56) is a graduate of Yale University and the Graduate School of Business Administration of Harvard University. Following graduation, he was employed by a division of AMAX Inc., a major mining company. In 1961, Mr. Congdon and Mr. Carey founded the first of a series of Congdon and Carey limited partnerships engaged in non-hydrocarbon minerals exploration. Mr. Congdon is a Director of ESML and Adanac Mining and Exploration Ltd., both publicly traded Canadian mining companies, as well as a director or general partner of a number of corporations and partnerships largely controlled by his family, including St. Mary, which own iron ore and other mineral and agricultural interests in the United States. Mr. Congdon is a Director of Colorado National Bankshares Inc., a bank holding company.

William J. Carey (age 57) is a graduate of the University of Notre Dame, Columbia University Law School and the Graduate School of Business Administration of Harvard

University. He was employed by Delhi Corporation, an oil and gas exploration and production company, from 1950-1954. From 1954 through 1960, Mr. Carey was an independent oil operator and thereafter has engaged in personal investments. In 1961, Messrs. Congdon and Carey founded the first of a series of Congdon and Carey partnerships. Mr. Carey is the principal shareholder and Chairman of the Board of Empire Corporation, a fabricator of aluminum and textile goods. He is an independent oil and gas operator and holds investments in cattle, real estate and finance. Mr. Carey is also a Director of ESML.

Hugh J. Matheson (age 54) earned the degree of Engineer of Mines from Colorado School of Mines. For six years, on a seasonal basis, Mr. Matheson was the owner-manager of a gold placer operation 220 miles north of Fairbanks, Alaska and also worked as a civil engineer and instructor at the School of Mines of the University of Alaska during the winter months. He then served as general superintendent of two strip coal mining operations in Alaska and was General Manager of Evan Jones Coal Company of Anchorage when it was acquired by Placer Development Limited in 1963. He later became General Manager of the Endako molybdenum mine in British Columbia, where he was responsible for all operations, including engineering, open pit production, concentrator operations, accounting and future planning, of this 10,000 tons per day operation, which he and his staff expanded to 26,000 tons per day. From 1969 to 1977, Mr. Matheson was Vice President - Exploration and a Director of Placer Amex, Inc., the U.S. subsidiary of Placer Development Limited, which conducts mineral exploration and manages properties in the United States for its parent. From 1977 until his employment with CoCa in 1980, Mr. Matheson served as Manager of Exploration for Placer Development Limited in Vancouver, responsible for worldwide exploration activities. Mr. Matheson bore primary responsibility for the acquisition of exploration projects and ore reserves developed by others.

J. Christopher Mitchell (age 42) earned from the University of British Columbia a B.Sc. in chemistry and Masters Degrees in metallurgy and business administration. Mr. Mitchell was employed by the Broken Hill Associated Smelters in Australia before returning to Canada and the employ of Bralorne Resources Limited. He joined the staff of Equity Mining Corporation, one of the predecessors of ESML, during the early exploration stage of the Sam Goosly project. Since 1978, he has been employed by St. Mary and C&C5 and has served as an officer of CoCa since 1980.

Robert A. Rivera (age 42), Vice President - Exploration, holds degrees from the University of California at Berkeley in Mining Engineering and Engineering Science-Mineral Technology. He specialized initially in geophysics and became the chief geophysicist of Placer Development Limited. Mr. Rivera's duties later evolved to the analysis of exploration data to determine the economic merits of properties. In the three years before joining CoCa, he served as the manager of a precious metals exploration program for Resource Associates of Alaska, employing thirty geologists, geophysicists, engineers and other personnel.

Jerry E. Julian (age 45) graduated from the University of Evansville in Indiana with a B.S. Degree in Accounting. He was an audit manager and Certified Public Accountant with Coopers & Lybrand, public accountants, before joining St. Mary in 1975.

Philip T. Bee (age 65) graduated from the University of California at Berkeley in 1939 with a B.S. Degree and from Stanford University in 1941 with a Masters of Business Administration Degree. Since 1980, he has been an independent businessman and investor. For 35 years prior to 1980, Mr. Bee was a senior executive with the C. W. Murchison Family interests in Dallas, Texas. He is presently serving on the Boards of Directors of Enterra Corporation, Radnor, Pennsylvania (NYSE); Kirby Exploration Company, Houston, Texas (ASE); and several privately-owned corporations.

Robert G. Boucher (age 58) is Chairman of the Board of IntraWest Mortgage Company, a position he has held for two years, prior to which time, he served as its President for eight years. Mr. Boucher was Senior Vice President of Mortgage Investments Company from 1957 until 1968, when it was sold to The First National Bank of Denver. He received a B.A. Degree in Economics from Middlebury College. Mr. Boucher will serve as a director as the designee of St. Mary pursuant to the Agreement.

Roger C. Cohen (age 49) graduated from Harvard College and received his law degree from Harvard Law School in 1959. Mr. Cohen is the senior partner of the Denver, Colorado law firm of Cohen Brame & Smith, Professional Corporation. He has been engaged in the practice of law since 1960, specializing primarily in corporate finance. Cohen Brame & Smith acts as general counsel for CoCa, C&C5 and St. Mary and will act as counsel for CMI.

James C. O'Rourke (age 43) is a graduate of the University of British Columbia with a B.A.Sc. in Mining. He was employed by Placer Development Limited and its affiliated companies in various technical and administrative capacities from 1964-1976. From 1976 through 1978, Mr. O'Rourke was Vice President and General Manager of Equity Mining Corporation, predecessor in interest to ESML. In 1979, Mr. O'Rourke joined Brinco Limited as Vice President - Mining. He was appointed President of Brinco Mining Limited in 1982. Brinco Mining, headquartered in Vancouver, British Columbia, is owner and operator of mines producing asbestos, coal and gold. CMI and St. Mary have jointly designated Mr. O'Rourke to serve as a director of CMI pursuant to the Agreement.

The following table sets forth certain information upon consummation of the Agreement regarding each person who will own five percent or more of the outstanding shares of each class of capital stock of CMI. Other than Messrs. Congdon and Carey, no officer or director of CMI will own any shares of Common Stock upon consummation of the Agreement.

Name and Address	Common Stock: Number of Shares	Common Stock: Percent of Class	Preferred Stock: Number of Shares	Preferred Stock: Percent of Class
Thomas E. Congdon 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	443,653.5(1)	33.1%(2)	-0-	
William J. Carey 7322 Blairview Drive Dallas, Texas 75230	344,991.5	25.8%(2)	-0-	
St. Mary Parish Land Company 1776 Lincoln Street Suite 1100 Denver, Colorado 80203	(3)	-0-	200,000	89%(4)

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(1) Includes shares to be held by Mr. Congdon's wife, daughters and trusts for their benefit.

(2) Calculated immediately after distribution of Common Stock by C&C5 and prior to conversion of Preferred Stock and exercise of Warrants.

(3) St. Mary will receive Warrants to acquire up to 150,000 shares of CMI Common Stock. Such Warrants may be exercised only in conjunction with conversion of the Preferred Stock.

(4) Assumes the purchase of 25,000 shares of Series A Convertible Preferred Stock by shareholders of CoCa.

CMI intends to adopt an Incentive Stock Option Plan providing for the granting to its key employees of options to purchase up to 50,000 shares of its Common Stock.

CONFLICTS OF INTEREST

The proposed transactions among CMI, CoCa, C&C5 and St. Mary involve a number of possible conflicts of interest. These conflicts arise out of the following facts:

1. Thomas E. Congdon is the President of St. Mary, the Chairman of the Board of Directors of CoCa and CMI and a general and limited partner of C&C5. Mr. Congdon and members of his family hold substantial ownership interests in all of those entities.

2. William J. Carey is the Vice Chairman of the Board of Directors of CoCa and CMI and is a general and limited partner of C&C5. Mr. Carey holds substantial ownership interests in both of those entities.

3. Other members of the Board of Directors of St. Mary and members of their families hold substantial ownership interests in St. Mary, CoCa and C&C5.

4. The CoCa Round Mountain mining project is to be owned and developed by a partnership between it and the former partners of Congdon and Carey, Ltd. No. 2 which was a limited partnership of which Messrs. Congdon and Carey were the general partners and in which members of the Congdon family were limited partners. Congdon and Carey, Ltd. No. 2 previously owned the Round Moutain Project and since 1964 has expended thereon approximately $862,725. The terms of the partnership between CoCa and the Congdon and Carey, Ltd. No. 2 partners have been determined by the independent members of the Board of Directors of CoCa and by an independent mining consultant to CoCa to be fair and in the best interests of CoCa and at least as favorable to CoCa as it could obtain from any unaffiliated third party owning the Round Mountain project.

5. The CoCa Middle Buttes project is to be owned and developed by a partnership between it and Messrs. Congdon and Carey who previously owned the project and since 1979 have expended thereon approximately $741,750. The terms of the partnership between CoCa and Messrs. Congdon and Carey have been determined by the independent members of the Board of Directors of CoCa to be fair and in the best interests of CoCa and at least as favorable to CoCa as it could obtain from any unaffiliated third party owning the Middle Buttes project.

6. In June, 1982, CoCa entered into an agreement with Messrs. Congdon and Carey whereby in consideration for the assignment to CoCa of their accumulated exploration expertise, including library material and proprietary data, as well as the subsequent devotion of their metals exploration efforts to CoCa, Messrs. Congdon and Carey have the

semi-annual opportunity to participate in up to 25 percent of CoCa's exploration activities and budget on terms that grant to them an interest in the prospects proportionate to the funds contributed. Such arrangement is, however, limited to funds to be expended by CoCa for the discovery of theretofore unknown economic mineral reserves, as determined by the Chief Executive Officer of CoCa, and Messrs. Congdon and Carey must elect to participate in all of such activities and costs during a six-month period and not merely in those for selected prospects. Such agreement was entered into following a determination by the independent directors of CoCa that its terms and conditions were fair and in the best interests of CoCa.

Similar possible conflicts of interest have existed during past years among Messrs. Congdon and Carey and their affiliated entities. Messrs. Congdon and Carey have at all times endeavored to conduct their affairs in a fair and equitable manner so that such conflicts would not adversely affect any of such entities. To date to the best of their knowledge, none of such entities, or investors in them, have raised complaints or questions about such possible conflicts or about transactions between Messrs. Congdon and Carey and such entities, and Messrs. Congdon and Carey intend to continue such fair and equitable conduct.

To eliminate further the effect of any such possible conflict of interest, the transactions among CMI, CoCa, St. Mary and C&C5 have been approved by the independent members of the Boards of Directors of CoCa and St. Mary and must be approved by the holders of an independent majority of the common stock of CoCa and St. Mary who vote on such matter and by a majority-in-interest of the limited partners of Congdon and Carey 5 who vote on such matter.

CERTAIN CONSIDERATIONS

In evaluating the transactions contemplated by the Agreement, the following factors should be carefully reviewed and considered:

General

1. Absence of Market for CMI Stock. There is no market for the Common Stock or Series A Convertible Preferred Stock or Warrants of CMI, and it is not anticipated that one will develop in the foreseeable future. Neither the shares of Common Stock nor the Preferred Stock or Warrants will be registered under the Securities Act of 1933 and, accordingly, may not be resold without subsequent registration under such Act or reliance upon an exemption

provided by such Act. Rule 144 under such Act is not presently available for resale of the Common Stock or the Preferred Stock or the Warrants of CMI.

2. Valuation. The values of CoCa and C&C5 have not been determined by negotiations between completely independent parties and accordingly the value of the CMI Common Stock and Preferred Stock may differ from the amount to be paid therefor.

3. Dividends. CMI is restricted from paying dividends on its Common Stock so long as any shares of its Preferred Stock are outstanding (see "DESCRIPTION OF TRANSACTIONS - CMI Common Stock"). There can be no assurance that CMI will ever pay dividends on its Common Stock.

4. Conflicts of Interest. Certain officers and directors of CMI engage independently and through other entities in mineral exploration and development activities similar to the activities of CMI. In addition, the terms of the Agreement were not negotiated between completely independent parties.

General Risks of the Mining Industry

1. General Economic Conditions. As a result of generally adverse economic conditions, the mining industry has, over the past several years, experienced sharp curtailments of activity. Prices and demand have decreased significantly.

2. Risks of Minerals Exploration. Exploration for minerals is highly speculative. Most exploration projects undertaken do not result in the discovery of commercially mineable deposits of ore. Unlike oil and gas exploration and development, the expenditures on exploration for hard minerals are only a minor part of the total amount required in order to develop a mine and place it into commercial production. In the event a commercially mineable deposit of precious or other metals is discovered through exploration, it will be necessary for CMI to raise a very substantial amount of capital or dispose of the property in whole or in part. In such event, CMI may seek such funds through borrowing or the sale of additional shares of its Common Stock or the sharing of the development of a mine with a partner.

3. Metallurgical Risk. The development and operation of a mine also entails a degree of risk stemming from the application of established and new extractive processes to orebodies whose metallurgical characters are highly individualistic.

4. Risk of Government Action. Mining operations and the development of new mines and production facilities are subject to a considerable amount of regulation by federal, state and local governmental authorities which can increase the cost of conducting exploration and development or effectively prevent such activities in certain areas. Further, sudden metals price increases have stimulated some governmental authorities to impose burdensome tax legislation over and above normal income taxes.

5. Fluctuations in Price. The market price of precious metals is extremely volatile and is beyond the control of CMI, fluctuating widely as a consequence of only moderate shifts in supply and demand. Increases in metals prices tend to depress the demand, thereby producing a corresponding depressant effect on prices. If the price for gold, silver or other precious metals should drop dramatically, CMI's operations could be adversely affected, with the possible result that CMI's operations would either be less profitable or no longer commercially feasible.

6. Weather Interruptions. CMI's operations may be subject to periodic interruptions, due to inclement weather conditions.

7. Title to Mineral Properties. A portion of the mineral properties in which CMI will have an interest and other properties which CMI may acquire from time to time will consist of unpatented mining claims. It should be understood that there is always a degree of uncertainty with respect to the validity of any unpatented mining claim.

8. Competitive Risk. The acquisition of mineral properties and exploration rights is highly competitive, and CMI will be competing with many other mining and other companies which have far greater financial resources than CMI and larger technical staffs of geologists, engineers and other personnel.

Specific Risks Relating to Properties

1. Risks Related to ESML. The Equity mine is one of the few non-unionized mines in Canada. If it should become unionized in the future, costs may increase and labor disruptions could have the effect of causing periodic work stoppages.

The flotation concentrate produced at the Equity mine contains high levels of antimony and arsenic, the removal of which increases the cost of production. Although a leach plant has been built, it is not yet fully operational.

ESML has been cited for certain violations of the Canadian Fisheries Act alleging that ESML has caused acidic waters to drain from waste rock. The maximum fine could be $300,000, although the matter has not yet been adjudicated. In addition, environmental authorities have the power to cause mining operations to cease altogether as a result of repeated violations. ESML intends to vigorously defend this action.

2. Risks Related to the Flathead Project. The Flathead project is located in an area of Montana having a population that is active regarding environmental issues. It is likely operating permits issued by governmental authorities will require minimal environmental impact from mining activities. It may be anticipated that this will increase the mine's costs of production.

It may become necessary to precondition such ore to improve the silver extractions in a subsequent cyanidation procedure which would result in additional expense and raise the ore cut-off grade, thereby reducing the size of the orebody at a given silver price.

The lease covering the Flathead project provides that net smelter returns of $1,000,000 per year must be produced commencing December, 1987 or the lease will lapse. Because of possible delays in obtaining permits from appropriate governmental authorities, there is no assurance that such production will be attained.

3. Risks Related to Other Properties. The use of cyanide to recover gold and silver in leach solutions is a widely-used practice in most areas, especially in Nevada, and is regulated by environmental authorities. Standards which may be set by such authorities in the future (especially in scenic or populated areas) may not be attainable by mine operators at a reasonable cost.

Income Tax Risks

An advance ruling of the Internal Revenue Service on the income tax consequences of the transactions provided for by the Agreement will not be obtained and there is no assurance of the correctness of the opinion thereon of Cohen Brame & Smith, Professional Corporation. If such transactions are not generally tax-free, the partners of C&C5 could be particularly adversely affected by being required to recognize immediate gain equal to the difference between the basis of their partnership interests and the fair market value of the CMI Common Stock received by them.

FINANCIAL STATEMENTS

Attached to this Proxy Statement are financial statements of CoCa and C&C5 as of December 31, 1981 and September 30, 1982 and a Pro Forma financial statement of CMI as of December 31, 1982.

CONSENT OF PROMISSORY NOTEHOLDERS

It is a condition of the transactions provided for by the Agreement that the holders of the September 30, 1980 promissory notes of CoCa in the aggregate principal amount of $1,094,351 agree that (i) dividends may be paid on the CMI Series A Convertible Preferred Stock while such promissory notes are outstanding and (ii) no payments may be made on such promissory notes while such Preferred Stock is outstanding. EACH HOLDER OF A COCA PROMISSORY NOTE IS REQUESTED TO EXECUTE AND RETURN THE ATTACHED CONSENT FOR SUCH PURPOSE.

SUBSCRIPTION BY COCA SHAREHOLDERS

The shareholders of CoCa may elect to purchase at the closing under the Agreement up to 25,000 shares of CMI Series A Convertible Preferred Stock at a price of $20 per share and also receive up to 18,750 accompanying CMI Common Stock Warrants exercisable at $20 per share. The terms and conditions of such Preferred Stock and Warrants, and their purchase, are the same as those to be acquired by St. Mary. If CoCa shareholders desire to purchase more than 25,000 shares of Preferred Stock and 18,750 Warrants, such Preferred Stock and Warrants will be prorated among those shareholders desiring to purchase. EACH COCA SHAREHOLDER DESIRING TO PURCHASE CMI SERIES A PREFERRED STOCK AND WARRANTS IS REQUESTED TO EXECUTE AND RETURN THE ATTACHED SUBSCRIPTION FOR SUCH PURPOSE.

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COCA MINES INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 1981

(UNAUDITED)

COCA MINES INC.

Balance Sheet
December 31, 1981

(Unaudited)

ASSETS

Current Assets		
Cash	$ 10,487	
Accounts Receivable (Note 6)	600,000	
Accounts Receivable, Others	59,081	
		$ 669,568
Notes Receivable, Officers		70,239
Investment in Candelaria Partners (Note 3)		709,998
Investment in Equity Silver Mines Limited, 1,121,146 shares - market value approximately $14,600,000 (Note 4)		1,585,298
Office improvements, furniture & equipment, net of accumulated depreciation		118,909
Organization Costs		1,199
Investment in Claims & Leases		16,000
		$ 3,171,211

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Note Payable, Bank	$ 1,704,509	
Accounts Payable and Accrued Expenses	119,571	
		$ 1,824,080
Notes Payable, Partners of Predecessor Partnership (Notes 1 & 5)		1,094,321
		2,918,401
Stockholders' Equity		
Common Shares, $.01 Par Value; 5,000,000 shares authorized; 1,008,461 shares outstanding	10,085	
Paid-In Capital	1,243,787	
Deficit	(1,001,062)	
		252,810
		$ 3,171,211

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

Statement of Operations

For the Year Ended December 31, 1981

(Unaudited)

Equity in Operations of Equity Silver Mines Limited (Note 4) Income of the Period		$ 485,928
Equity in (Loss) of Candelaria Partners (Note 3)		(80,217)
Other Income		11,350
		417,061
General and Administrative Expenses:		
Legal Expenses	389,059	
Interest	160,519	
Others	425,646	
Less: Recovery of expenses (Note 6)	(600,000)	
Exploration Expenses	279,907	
		655,131
Net Income (Loss)		$ (238,070)
Deficit, beginning of year as previously reported		(864,265)
Retroactive effect of change in method of accounting (Note 3)		101,273
Deficit, end of year		$(1,001,062)

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

Statement of Changes in Financial Position
For the Year Ended December 31, 1981
(Unaudited)

Sources of Working Capital:		
Distribution from Candelaria Partners		$ 46,254
Increase with Working Capital Deficit		690,795
		$ 737,049
Use of Working Capital:		
Loss for Period	$ 238,070	
Less, Charges Not Requiring Funds:		
Equity in Loss of Candelaria Partners	80,217	
Depreciation Expense	19,644	
	138,209	
Add, Equity in Operations of Equity Silver Mines Limited	485,928	
		$ 624,137
Office Improvements, Furniture & Equipment		75,073
Investment in Claims & Leases		16,000
Notes Receivable - Officers (Net)		21,839
		$ 737,049
Changes in Components of Working Capital Deficit:		
(Increase) in Current Assets:		
Cash		(9,148)
Accounts Receivable		(640,464)
		(649,612)
(Decrease) Increase in Current Liabilities:		
Note Payable - Bank		1,404,509
Accounts Payable and Accrued Expenses		(59,042)
Due to Non-Exchanging Partners		(5,060)
		1,340,407
Increase in Working Capital Deficit		$ 690,795

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1981

(Unaudited)

1. Organization:

The Company was incorporated in Delaware on June 27, 1980, for the purpose of acquiring substantially all of the net assets of Congdon and Carey Ltd. No. 4, a Colorado Limited Partnership (the "Predecessor Partnership"). The assets acquired were principally as a limited partner in a mining project (Candelaria - see note 3) and ownership of approximately 14% of the outstanding common shares of a mining company (Equity Silver Mines Limited "ESML" - see note 4).

As of September 30, 1980, the Company issued 987,149 shares of its common stock, $.01 par value, and $1,094,321 of its promissory notes in exchange for substantially all of the assets and assumption of the liabilities of Congdon and Carey Ltd. No. 4.

In addition to the assets received from the Predecessor Partnership, the Company acquired 50,000 shares of the common stock of ESML in exchange for 21,292 shares of the Company's common stock. This acquisition as of September 30, 1980, was recorded at its estimated fair value of $1,234,000 which is based upon the market price of the common stock of ESML with a discount for blockage.

2. Accounting Principles:

Mining Properties:

The cost of acquiring mining claims and option payments and expenditures of like nature made under license and option to purchase agreements are capitalized. Exploration costs are charged against earnings when incurred. When a commercial ore body is discovered, the related exploration cost previously charged against earnings are credited to earnings and capitalized and then depleted over the life of the ore body.

Equity Method of Accounting:

The Company's investmemt in Equity Silver Mines Limited is carried at cost adjusted for equity in income and losses. The Company uses the equity method of accounting because of the significant influence exercised over the operating and financial policies through Board of Director representation and other factors.

The Company's investment in Candelaria is carried at cost adjusted for its Limited Partner's interest in the income and losses of the partnership.

Foreign Translation:

In determining its equity in assets, liabilities and operations, the accounts of the Canadian company (ESML), except for capitalized property, plant and equipment costs, are translated at the rate of exchange in effect at the end of the period; capitalized costs and income and expenses are translated at average rates in effect during the period incurred.

Income Taxes:

As required in the future, deferred taxes will be provided for the tax effects of timing differences including the recognition of income from ESML on the cash method for income tax purposes.

3. Investment in Candelaria Partners:

The company is a Limited Partner in a Colorado limited partnership of which Occidental Minerals Corporation is the General Partner. The partnership owns and operates a precious metals mine near Hawthorne, Nevada. Production commenced in November, 1980.

The General Partner provided all funds necessary to place the mine in production. During the period the General Partner is recouping this investment, the Company will be entitled to approximately 7% of the profits and losses and accompanying cash flow. After such recoupment, the Company's interest will increase to approximately 37%. The General Partner has the right to retain such working capital as it deems necessary for the operation of the mine.

Condensed financial information summarized from unaudited trial balances and other financial data as to Candelaria Partners is as follows:

CANDELARIA PARTNERS
Condensed Balance Sheet
December 31, 1981
(Unaudited)

Assets

Current Assets		
Cash and Cash Equivalents	$ 3,672,880	
Accounts Receivable	919,723	
Inventories (At the lower of average cost or market):		
Work in Process - Leach Pads	3,387,070	
Unrefined Gold and Silver	941,498	
Materials and Supplies	1,270,217	
Other	158,603	$ 10,349,991
Deposits		875,004
Property, Plant and Equipment	42,089,669	
Accumulated Depreciation and Amortization	(8,206,996)	33,882,673
		$45,107,668

Liabilities and Partners' Capital

Liabilities

Current Liabilities		$ 1,293,898

Partners' Capital

General Partner	$43,348,551	
Limited Partner	465,219	
		43,813,770
		$ 45,107,668

Condensed Statement of Income
For the Year Ended December 31, 1981
(Unaudited)

Sales	$ 20,800,053
Costs and Expenses	21,881,107
Net Income (Loss)	$ (1,081,054)

During 1981, the Company changed its policy for determining its equity in income for its limited partnership interest by adjusting assets and costs to reflect a Work in Process Inventory - Leach Pads. Previously, the Company did not recognize Work in Process - Leach Pads. The Company believes recognition of this inventory is preferable in that it more clearly matches costs with revenue.

The excess of the Company's investment over its Limited Partner capital account is principally due to costs applicable to the prospect area capitalized by the Company in prior years for which it did not receive credit in its capital account. The excess will be charged to income ratably over future operations.

At the end of the first quarter of 1982, the operating rate of Candelaria Partners was halved.

4. Investment in Equity Silver Mines Limited:

At December 31, 1981, the Company owned 1,121,146 shares (approximately 14%) of the issued common stock of ESML. Placer Development Limited ("Placer") of Vancouver, British Columbia owns 70% of the issued common stock and 100% of the cumulative non-voting preferred stock of ESML. ESML is the owner of several hundred mineral claims in British Columbia known as the Goosly Property. The shares of ESML are traded on the Vancouver Stock Exchange and will be listed on the Toronto Stock Exchange by the end of 1982.

In October 1980, the Goosly Property was placed into production. Placer provided the necessary construction financing by purchasing preferred stock from ESML. This stock has a dividend rate equivalent to one-half the Canadian prime rate in effect from time to time, plus one percentage point. During December, 1980, ESML arranged bank financing to redeem a substantial portion of the preferred shares. The cash flow from operations will be used initially to retire the bank indebtedness and the balance of the preferred shares.

Condensed financial information stated in U.S. dollars as to ESML is as follows:

EQUITY SILVER MINES LIMITED
Condensed Balance Sheet
December 31, 1981
Assets

Current Assets:		
Cash, short-term investments, inventories, and other		$ 42,803,000
Deposits, mortgages receivable and other		1,960,000
Property, plant and equipment:		
Buildings and equipment and mining properties and development		121,233,000
		$ 165,996,000

Liabilities and Shareholders' Equity

Current Liabilities:		
Short-term loans, accounts payable, accrued liabilities, and other		$ 42,807,000
Long-term loans		56,757,000
Deferred Income and Resource Taxes		4,764,000
Shareholders' Equity:		
Common Shares	$ 6,783,000	
Preferred Shares	54,885,000	
		61,668,000
		$165,996,000

Equity Silver Mines Limited
Condensed Statement of Earnings
For the Year Ended
December 31, 1981

Revenue:	
Sales	$49,754,000
Other	150,000
	49,904,000
Expenses:	
Cost of Sales	18,312,000
General and Administrative	1,028,000
Interest Expense	17,321,000
	36,661,000
Income Before Taxes	13,243,000
Deferred Taxes	4,948,000
Net Income	8,295,000
Requirements for preferred share dividend	(4,722,000)
Net Income for Common Shareholders	$ 3,573,000

The Company's investment in ESML is comprised of cumulative capital contributions and cash payments made by the Predecessor Partnership to its predecessor corporations together with other costs incurred relating to the Goosly Property, increased by the equity in income through December 31, 1981, adjusted for the sales of ESML shares made from to time.

The excess of the Company's investment in ESML over its equity in net assets is principally due to the excess of costs over book value of 50,000 shares of ESML acquired as of September 30, 1980 in exchange for 21,292 shares of the Company (see note 1) reduced by interest expense, research and development costs and administrative expenses charged to income in prior years by the Predecessor Partnership, which costs and expenses have been deferred by ESML.

5. <u>Notes Payable</u>

The promissory notes are without interest and are due and payable in full on or before September 30, 1985. The notes may be prepaid, in whole or in part, at any time without penalty. The Company is obligated following the close of each fiscal year to prepay the notes proportionately to the extent of one-half of the Company's cash flow in excess of one million dollars.

6. <u>Subsequent Event</u>

The Company agreed effective March 18, 1982 to terminate its claim against Occidental Minerals arising out of silver futures trading profits during the first quarter of 1980. The recovery of expenses related to costs incurred with respect to this claim in 1980 and 1981.

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COCA MINES INC.

FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 1982

(Unaudited)

COCA MINES INC.

Balance Sheet
September 30, 1982

(Unaudited)

ASSETS

Current Assets		
Cash		$ 17,470
Accounts Receivable, Others		159,441
		176,911
Notes receivable, Officers		67,978
Investment in Candelaria Partners (Note 3)		557,784
Investment in Equity Silver Mines Limited, 1,121,146 Shares - market value approximately $15,900,000 (Note 4)		1,351,418
Office improvements, furniture & equipment, net of accumulated depreciation		138,687
Organization Costs		1,199
Investment in Claims & Leases		16,000
		$ 2,309,977

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Note Payable, Bank		$ 2,045,000
Accounts Payable and Accrued Expenses		176,389
		2,221,389
Notes Payable, Partners of Predecessor Partnership (Notes 1&5)		1,094,321
Stockholders' Equity		
Common Shares, $.01 Par Value; 5,000,000 shares authorized; 1,008,461 shares outstanding	$ 10,085	
Paid-In Capital	1,243,787	
Deficit	(2,259,605)	(1,005,733)
		$ 2,309,977

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

Statement of Operations

for the Nine Months Ended September 30, 1982

(Unaudited)

Equity in Operations of Equity Silver Mines Limited (Note 4) (Loss) for the Nine Months	$	(233,880)
Equity in (Loss) of Candelaria Partners (Note 3)		(152,214)
Other Income		886
		(385,208)
General and Administrative Expenses:		
Legal Expenses		29,368
Interest		225,043
Others		245,982
Exploration Expenses		372,942
Net Income (Loss)	$	(1,258,543)
Deficit, beginning of year		(1,001,062)
Deficit, end of period	$	(2,259,605)

The accompanying notes are an integral part of the financial statements.

COCA MINES INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 1982

(Unaudited)

1. Organization:

The Company was incorporated in Delaware on June 27, 1980 for the purpose of acquiring substantially all of the net assets of Congdon and Carey Ltd. No. 4, a Colorado Limited Partnership (the "Predecessor Partnership"). The assets acquired were principally as a limited partner in a mining project (Candelaria - see note 3) and ownership of approximately 14% of the outstanding common shares of a mining company (Equity Silver Mines Limited "ESML" - see note 4).

As of September 30, 1980, the Company issued 987,149 shares of its common stock, $.01 par value, and $1,094,321 of its promissory notes in exchange for substantially all of the assets and assumption of the liabilities of Congdon and Carey Ltd. No. 4.

In addition to the assets received from the Predecessor Partnership, the Company acquired 50,000 shares of the common stock of ESML in exchange for 21,292 shares of the Company's common stock. This acquisition as of September 30, 1980, was recorded at its estimated fair value of $1,234,000 which is based upon the market price of the common stock of ESML with a discount for blockage.

2. Accounting Principles:

Mining Properties:

The cost of acquiring mining claims and option payments and expenditures of like nature made under license and option to purchase agreements are capitalized. Exploration costs are charged against earnings when incurred. When a commercial ore body is discovered, the related exploration cost previously charged against earnings are credited to earnings and capitalized and then depleted over the life of the ore body.

Equity Method of Accounting:

The Company's investment in Equity Silver Mines Limited is carried at cost adjusted for equity in income and losses. The Company uses the equity method of accounting because of the significant influence exercised over the operating and financial policies through Board of Director representation and other factors.

The Company's investment in Candelaria is carried at cost adjusted for its Limited Partner's interest in the income and losses of the partnership.

Foreign Translation:

In determining its equity in assets, liabilities and operations, the accounts of the Canadian company (ESML), except for capitalized property, plant and equipment costs, are translated at the rate of exchange in effect at the end of the period; capitalized costs and income and expenses are translated at average rates in effect during the period incurred.

Income Taxes:

As required in the future, deferred taxes will be provided for the tax effects of timing differences including the recognition of income from ESML on the cash method for income tax purposes.

3. Investment in Candelaria Partners:

The Company is a Limited Partner in a Colorado limited partnership of which Occidental Minerals Corporation is the General Partner. The partnership owns a precious metals mine near Hawthorne, Nevada. Production commenced in November, 1980, and was suspended in June, 1982, except for continuing irrigation of the leaching heaps, which continue to produce limited quantities of silver and gold.

The General Partner provided all funds necessary to place the mine in production. During the period the General Partner is recouping this investment, the Company will be entitled to approximately 7% of the profits and losses and accompanying cash flow. After such recoupment, the Company's interest will increase to approximately 37%. The General Partner has the right to retain such working capital as it deems necessary for the operation and maintenance of the mine.

Condensed financial information summarized from unaudited trial balances and other financial data as to Candelaria Partners is as follows:

CANDELARIA PARTNERS
Condensed Balance Sheet
September 30, 1982
(Unaudited)

Assets

Current Assets		
Cash and Cash Equivalents		$ 5,562,000
Accounts Receivable		329,000
Inventories (At the lower of average cost or market):		
Work in Process - Leach Pads	$ 2,045,748	
Unrefined Gold and Silver	1,671,000	
Materials and Supplies	821,000	4,537,748
Other		888,000
Property, Plant and Equipment	42,113,000	
Accumulated Depreciation and Amortization	(10,277,000)	31,836,000
		$ 43,152,748

Liabilities and Partners' Capital

Liabilities

Current Liabilities		855,000

Partners' Capital

General Partner	$ 42,085,661	
Limited Partner	212,087	42,297,748
		$ 43,152,748

Condensed Statement of Income
For the Nine Months Ended September 30, 1982
(Unaudited)

Sales	$ 8,253,000
Costs and Expenses	10,304,322
Net Income (Loss)	$ (2,051,322)

During 1981, the Company changed its policy for determining its equity in income for its limited partnership interest by adjusting assets and costs to reflect a Work in Process Inventory - Leach Pads. Previously, the Company did not recognize Work in Process - Leach Pads. The Company believes recognition of this inventory is preferable in that it more clearly matches costs with revenue.

The excess of the Company's investment over its Limited Partner capital account is principally due to costs applicable to the prospect area capitalized by the Company in prior years for which it did not receive credit in its capital account. The excess will be charged to income ratably over future operations.

4. Investment in Equity Silver Mines Limited:

At Septmeber 30, 1982, the Company owned 1,121,146 shares (approximately 14%) of the issued common stock of ESML. Placer Development Limited ("Placer") of Vancouver, British Columbia owns 70% of the issued common stock and 100% of the cumulative non-voting preferred stock of ESML. ESML is the owner of several hundred mineral claims in British Columbia known as the Goosly Property. The shares of ESML are traded on the Vancouver Stock Exchange and will be listed on the Toronto Stock Exchange by the end of 1982. See also Note 6: Subsequent Event.

In October, 1980, the Goosly Property was placed into production. Placer provided the necessary construction financing by purchasing preferred stock from ESML. This stock has a dividend rate equivalent to one-half the Canadian prime rate in effect from time to time, plus one percentage point. During December, 1980, ESML arranged bank financing to redeem a substantial portion of the preferred shares. The cash flow from operations will be used initially to retire the bank indebtedness and the balance of the preferred shares.

At September 30, 1982, the principal amount of the cumulative non-voting preferred stock was CDN. $67,052,000. Cumulative unpaid dividends at the same date amounted to CDN. $9,528,000.

Condensed financial information stated in U.S. dollars as to ESML is as follows:

EQUITY SILVER MINES LIMITED
Condensed Balance Sheet
September 30, 1982
Assets

Current Assets:		
Cash, short-term investments, inventories, and other		$ 28,611,602
Deposits, mortgages receivable and other		1,905,568
Property, plant and equipment:		
Buildings and equipment and mining properties and development (net)		120,322,154
		$ 150,839,324

Liabilities and Shareholder's Equity

Current Liabilities:		
Short-term loans, accounts payable, accrued liabilities, and other		$ 26,200,593
Long-term loans		49,751,588
Deferred Income and Resource Taxes		5,730,140
Shareholders' Equity:		
Common Shares	$ 5,063,568	
Preferred Shares	64,093,435	69,157,003
		$ 150,839,324

EQUITY SILVER MINES LIMITED
Condensed Statement of Earnings
For the Nine Months Ended
(Unaudited)
September 30, 1982

Revenue:	
Sales	$ 39,861,030
Other	135,108
	39,996,138
Expenses:	
Cost of Sales	24,707,250
General and Administrative	725,580
Interest Expense	10,958,760
	36,391,590
Income Before Taxes	3,604,548
Deferred Taxes	966,606
Net Income	2,637,942
Requirements for preferred share dividend	4,357,650
Net (Loss) for Common Shareholders	$ (1,719,708)

The Company's investment in ESML is comprised of cumulative capital contributions and cash payments made by the Predecessor Partnership to its predecessor corporations together with other costs incurred relating to the Goosly Property, increased by the equity in income through September 30, 1982, adjusted for the sales of ESML shares made from to time.

The excess of the Company's investment in ESML over its equity in net assets is principally due to the excess of costs over book value of 50,000 shares of ESML acquired as of September 30, 1980, in exchange for 21,292 shares of the Company (see note 1) reduced by interest expense, research and development costs and administrative expenses charged to income in prior years by the Predecessor Partnership, which costs and expenses have been deferred by ESML.

5. <u>Notes Payable</u>

The promissory notes are without interest and are due and payable in full on or before September 30, 1985. The notes may be prepaid, in whole or in part, at any time without penalty. The Company is obligated following the close of each fiscal year to prepay the notes proportionately to the extent of one-half of the Company's cash flow in excess of one million dollars.

6. <u>Subsequent Event</u>

In late October and early November, 1982, the Company sold a total of 120,000 shares of ESML. A substantial portion of the proceeds was used to reduce term bank borrowings.

CONGDON AND CAREY, LTD. 5
(a partnership)

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

for the year ended December 31, 1981

Coopers
&Lybrand

certified public accountants

To the Partners
Congdon and Carey, Ltd 5:

We have examined the balance sheet of Congdon and Carey, Ltd. 5 as of December 31, 1981, and the related statements of costs and expenses, partners' capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Congdon and Carey, Ltd. 5 at December 31, 1981, and its costs and expenses, changes in partners' capital, and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Denver, Colorado
March 30, 1982

CONGDON AND CAREY, LTD. 5
(a partnership)

BALANCE SHEET, December 31, 1981

ASSETS

Current assets:		
Cash	$ 1,806	
Accounts receivable	26,328	$28,134
Field office and storage buildings	8,568	
Less accumulated depreciation	(7,133)	1,435
Mining properties:		
Flathead (Note 4)	3,730	
Ashby (Note 5)	25,871	
Gilt Edge joint venture (Note 3)	18,692	48,293
		$ 77,862

LIABILITIES

Current liabilities:		
Accounts payable		$117,552
Commitments (Notes 3, 4 and 5)		

PARTNERS' CAPITAL

Partners' capital (Note 2):		
General partners	(7,940)	
Limited partners	(31,750)	(39,690)
		$ 77,862

STATEMENT OF PARTNERS' CAPITAL
for the year ended December 31, 1981

	General Partners	Limited Partners
Balance, December 31, 1980	$ (1,872)	$ (7,493)
Capital contributions	37,500	150,000
	35,628	142,507
Costs and expenses	43,568	174,257
Balance, December 31, 1981	$ (7,940)	$(31,750)

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF COSTS AND EXPENSES

for the year ended December 31, 1981

	General and Administrative	Prospect Areas: Gilt Edge	Prospect Areas: Flathead	Prospect Areas: Ashby	Total
Office management and services	$ 5,032	$ 49,005	$4,620		$ 58,657
Office rent and storage	930	9,184		$ 880	10,994
Field trips	1,613	6,568	1,206		9,387
Professional services	2,621				2,621
Assaying, geochemical and metallurgy		13,607			13,607
Office supplies	186	194			380
Publications, drafting, maps and photos	39	203			242
Excavating and road building		1,124			1,124
Contract drilling		99,517			99,517
Other contracted services		46,187	1,013		47,200
Minimum advance royalties		5,104			5,104
Telephone and telegraph	70	261	45		376
Interest	2,949				2,949
Miscellaneous	186	1,953	25	62	2,226
Depreciation			1,116	176	1,292
	$13,626	$232,907	$8,025	$1,118	255,676
Less: Royalty income - Ashby					(1,172)
Interest income					(4,325)
Recovery of royalty costs expensed in a prior year					(32,354)
					$217,825

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 1981

Sources of working capital:	
Partners' capital contributions	$187,500
Uses of working capital:	
Costs and expenses	217,825
Depreciation	(1,292)
	216,533
Other uses:	
Additions to lease costs	1,500
	218,033
Decrease in working capital	$ 30,533
Summary of changes in components of working capital:	
Increases (decreases) in current assets:	
Cash	$ 1,222
Accounts receivable	13,474
	14,696
Decreases (increases) in current liabilities:	
Accounts payable	(45,229)
Decrease in working capital	$ 30,533

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF PARTNERS' CAPITAL

for the year ended December 31, 1981

	Partners' Interest (Note 2)	Partners' Capital December 31, 1980	Capital Contributions by Partners	Costs and Expenses for Year	Partners' Capital December 31, 1981
General partners:					
Thomas E. Congdon	10.000%	$ (937)	$ 18,750	$ 21,784	$ (3,971)
William J. Carey	10.000	(935)	18,750	21,784	(3,969)
		(1,872)	37,500	43,568	(7,940)
Limited partners:					
George G. Anderman	8.000	(750)	15,000	17,426	(3,176)
Fiduciary Trust Company of New York, Trustee	8.333	(775)	15,621	18,151	(3,305)
Helmerich & Payne, Inc.	10.000	(935)	18,750	21,783	(3,968)
Nelson Bunker Hunt	16.667	(1,565)	31,250	36,305	(6,620)
Mrs. Janet W. Levy	10.000	(935)	18,750	21,783	(3,968)
John D. Macomber	4.000	(374)	7,500	8,713	(1,587)
Daniel C. Searle	3.000	(283)	5,625	6,535	(1,193)
Mrs. Mary C. Van Evera	4.000	(374)	7,500	8,713	(1,587)
Clint W. Murchison, III	1.000	(94)	1,875	2,178	(397)
C. W. Murchison, III Trust B	1.000	(94)	1,875	2,178	(397)
Burk C. Murchison	1.000	(94)	1,875	2,178	(397)
Burk Coleman Murchison Trust B	1.000	(94)	1,875	2,178	(397)
Coke Anne Murchison Trust 1	.500	(46)	938	1,089	(197)
Coke Anne Murchison Trust 2	.500	(46)	938	1,089	(197)
Coke Anne Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
Robert Frank Murchison Trust A	1.000	(94)	1,875	2,178	(397)
Robert Frank Murchison Trust B	1.000	(94)	1,875	2,178	(397)
John D. Murchison, Jr.	1.000	(94)	1,875	2,178	(397)
John D. Murchison, Jr. Trust B	1.000	(94)	1,875	2,178	(397)
Virginia Lucille Murchison Trust 1	.500	(48)	938	1,089	(199)
Virginia Lucille Murchison Trust 2	.500	(48)	938	1,089	(199)
Virginia Lucille Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
Mary Noel Murchison Trust 1	.500	(47)	938	1,089	(198)
Mary Noel Murchison Trust 2	.500	(47)	938	1,089	(198)
Mary Noel Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
Barbara Jeanne Murchison Trust 1	.500	(46)	938	1,089	(197)
Barbara Jeanne Murchison Trust 2	.500	(46)	938	1,089	(197)
Barbara Jeanne Murchison Trust 3	1.000	(94)	1,875	2,178	(397)
		(7,493)	150,000	174,257	(31,750)
Totals	100.000%	$(9,365)	$187,500	$217,825	$(39,690)

The accompanying notes are a part
of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policy:

For accounting and income tax purposes, the partnership capitalizes the cost of acquiring mining claims and expenditures made under option to purchase agreements. Advance and minimum annual royalty payments, exploration and other costs are charged to expense in the year incurred. If a prospect area is abandoned, the capitalized costs applicable to such prospect area are charged to expense when abandoned.

2. Partnership Agreement:

The Limited Partnership Agreement was entered into effective as of July 1, 1974, and contains provisions as follows:

(a) The partnership shall commence on July 1, 1974, and shall continue for a period of nine years unless sooner terminated thereunder.

(b) The general partners participate to the extent of 50% in gains and profits from each prospect area after there shall have accrued to the benefit of the limited partners the total costs and expenses contributed by the limited partners and allocated to such prospect area. Subject to the foregoing interest of limited partners, the assets are owned by the general partners to the extent of 50% thereof.

(c) Others relating to partners' capital contributions during "primary term" (July 1, 1974 to December 31, 1976) and "secondary term" (January 1, 1977 to termination), losses and expenses, profits and gains, death of a partner, distribution of assets upon termination, title to properties, expenditures during "secondary term," and many other provisions and restrictions.

3. Gilt Edge Prospect:

A lease and option to purchase agreement was entered into with Commonwealth Mining Company of South Dakota (Commonwealth) as of October 16, 1974, under which the partnership acquired the rights of exploring, mining, milling, removing and selling or otherwise disposing of all ores and minerals in certain patented and unpatented lode mining claims in

Continued

3. Gilt Edge Prospect, continued:

accordance with specific provisions as set forth. The term of the lease and option is 15 years plus as long thereafter as commerical production continues. The partnership may terminate the agreement by written notice. The agreement provides for royalties to be paid on all ore mined and marketed and for advance royalty payments which shall be credited against royalties which become payable. Advance royalties are payable quarterly and will aggregate $94,000 over the first nine-year period. Thereafter, $5,000 is payable quarterly. Among other provisions and representations, the partnership agrees to pay property taxes upon the premises, and to perform any assessment work necessary to perpetuate the claims. The partnership has an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $2,500,000 with credit for all amounts paid to Commonwealth against the purchase price.

During 1975, a Joint Venture Agreement was entered into under which the partnership transferred to Cyprus Mines Corporation (now Amoco Minerals (Amoco)) an undivided 80% interest in the above-mentioned mining claims, together with the same percentage interest in any properties subsequently acquired by either party within two miles of the Commonwealth property boundaries. As a joint venturer and operator, Amoco will pay 80% of all expenditures including obligations for all properties subject to the Joint Venture Agreement. The partnership, in order to maintain its 20% interest, is obliged to fund 20% of all expenditures. The Joint Venture Agreement contains provisions respecting exploration, operations, expenditures, dilution, termination and other items. Under certain conditions the partnership is entitled to receive a royalty equal to 2% of the net smelter returns from properties subject to the Joint Venture Agreement.

Continued

3. Gilt Edge Prospect, continued:

A lease and option to purchase agreement was entered into with Northwestern Metal Company as of September 1, 1976 which provides for rights of exploring, mining, milling, removing and selling all ores and minerals in certain patented mining claims in accordance with specific provisions as set forth. The term of the lease and option is 15 years plus as long thereafter as commercial production continues. The prospect is subject to the Joint Venture Agreement and the joint venturers may terminate the agreement upon ten days' notice. The agreement provides for royalties to be paid on all ore mined and marketed and for advance royalty payments payable quarterly, aggregating $90,000 over a nine-year period. Thereafter, $3,500 is payable quarterly. Advance royalties shall be credited against production royalties. Among other provisions and representations, the joint venturers agree to pay property taxes upon the premises and to perform any assessment work necessary to perpetuate the claims. The joint venturers have an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $1,250,000 with credit for all amounts paid to Northwestern Metal Company against the purchase price.

During 1978, a contract for deed was entered into by the partnership jointly with Cyprus, as buyer, with the Estate of Magdalena Waggoner, as seller, to buy an interest in mining claims located in South Dakota. The total consideration was $75,000 all of which had been paid by September 1, 1981.

4. Flathead Prospect:

During 1976, the partnership entered into an agreement with the Anaconda Company under which the partnership acquired a mining lease on 4,160 acres of fee lands owned by Anaconda in Flathead County, Montana. The lease contains an exploration commitment which has been performed by the partnership. The lease is for a term of 13 years and so long thereafter as production continues at the rate of $1,000,000 or more net mint or smelter returns per year.

Continued

4. Flathead Prospect, continued:

At any time after cumulative expenditures exceed $1,000,000, the general partner may serve notice of its intent to place the properties into commercial production. Within 90 days of receipt of said notice, the limited partner must make an election on whether or not to contribute to the capital cost of the production facilities. In the event the limited partner makes the election, it will be obliged to furnish 32% (twenty-four seventy-fifths) of the capital cost to retain a 24% working interest, the general partner shall have a 51% working interest and the limited partner a 25% carried interest. In the event the limited partner does not make the election, or having made it, fails to make the contributions required, the limited partner shall nevertheless retain a 25% carried interest, and the general partner supplying 100% of the funds needed to construct the facilities shall have a 75% working interest.

The Limited Partnership Agreement contains provisions respecting operations, expansions, further capital contributions, the allocation of income and losses, termination and other items.

5. Ashby Prospect:

During 1979 the limited partnership exercised its option to purchase the Ashby property, which consists of 67 unpatented lode mining claims in Mineral County, Nevada. The limited partnership leased the property effective May 3, 1979, to an independent miner for a term of five years plus so long thereafter as production from the property in commercial quantities shall continue. Royalty income on production in 1981 amounted to $1,172. Commencing May 1, 1984, the lessee must pay minimum annual royalties of $25,000 per year. The lease agreement also requires the lessee to pay all property taxes, meet the assessment requirements, and perform certain rehabilitation work, among other terms and conditions.

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CONGDON AND CAREY, LTD. 5
(a partnership)

FINANCIAL STATEMENTS

for the Nine Month Period Ended September 30, 1982

(Unaudited)

CONGDON AND CAREY, LTD. 5
(a partnership)

BALANCE SHEET, September 30, 1982

UNAUDITED

ASSETS

Current assets:		
Cash	$ 49,211	
Accounts receivable	15,825	$ 65,036
Field office and storage buildings	8,568	
Less accumulated depreciation	(7,654)	914
Mining properties:		
Flathead (Note 4)	3,730	
Ashby (Note 5)	25,871	
Gilt Edge joint venture (Note 3)	18,692	48,293
		$ 114,243

LIABILITIES

Current liabilities:		
Accounts payable		$ 197,386
Commitments (Notes 3, 4 and 5)		

PARTNERS' CAPITAL

Partners' capital (Note 2):		
General partners	3,015	
Limited partners	(86,158)	(83,143)
		$ 114,243

STATEMENT OF PARTNERS' CAPITAL
For the Nine Months ended September 30, 1982

	General Partners	Limited Partners
Balance, December 31, 1981	$ (7,940)	$ (31,750)
Capital contributions as of 9/30/82	80,000	221,773
	72,060	190,023
Costs and expenses	69,045	276,181
Balance, September 30, 1982	$ 3,015	$ (86,158)

The accompanying notes are a part of these financial statements.

CONGDON AND CAREY, LTD. 5
(a partnership)

STATEMENT OF COSTS AND EXPENSES

for the Nine Months ended September 30, 1982
(Unaudited)

	General and Administrative	Prospect Areas: Gilt Edge	Prospect Areas: Flathead	Prospect Areas: Ashby	Total
Office management and services	$	$ 38,174	$ 120,731	$	$ 159,373
Office rent and storage		1,065	600	468	1,665
Field trips		3,000	14,155		17,155
Professional services	6,171	9,490	10,139		25,800
Assaying, geochemical and metallurgy		4,890	141		5,031
Office supplies			282		282
Publications, drafting, maps and photos		255	3,488		3,743
Excavating and road building		5,629	28,315		33,944
Contract drilling		49,165			49,165
Other contracted services		1,642	18,499		20,141
Minimum advance royalties		4,150	5,510	480	10,140
Telephone and telegraph		64	594		658
Interest	4,595				4,595
Miscellaneous	20	6,344	6,674	4	13,042
Depreciation			521		521
	$ 10,786	$ 123,868	$ 209,649	$ 952	$ 345,255
Less: Royalty income - Ashby				(29)	(29)
					$ 345,226

CONGDON AND CAREY, LTD. 5
(a partnership)

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policy:

For accounting and income tax purposes, the partnership capitalizes the cost of acquiring mining claims and expenditures made under option to purchase agreements. Advance and minimum annual royalty payments, exploration and other costs are charged to expense in the year incurred. If a prospect area is abandoned, the capitalized costs applicable to such prospect area are charged to expense when abandoned.

2. Partnership Agreement:

The Limited Partnership Agreement was entered into effective as of July 1, 1974, and contains provisions as follows:

(a) The partnership shall commence on July 1, 1974, and shall continue for a period of nine years unless sooner terminated thereunder.

(b) The general partners participate to the extent of 50% in gains and profits from each prospect area after there shall have accrued to the benefit of the limited partners the total costs and expenses contributed by the limited partners and allocated to such prospect area. Subject to the foregoing interest of limited partners, the assets are owned by the general partners to the extent of 50% thereof.

(c) Others relating to partners' capital contributions during "primary term" (July 1, 1974 to December 31, 1976) and "secondary term" (January 1, 1977 to termination), losses and expenses, profits and gains, death of a partner, distribution of assets upon termination, title to properties, expenditures during "secondary term," and many other provisions and restrictions.

3. Gilt Edge Prospect:

A Lease and Option to Purchase Agreement was entered into with Commonwealth Mining Company of South Dakota (Commonwealth) as of October 16, 1974, under which the partnership acquired the rights of exploring, mining, milling, removing and selling or otherwise disposing of all ores and minerals in certain patented and unpatented lode mining claims in accordance with specific provisions as set forth. The term of the lease and option is 15 years plus as long thereafter as commercial production continues. The partnership may terminate the agreement by written notice. The agreement provides for royalites to be paid on all ore mined and marketed and for advance royalty payments which shall be credited against royalties which become payable. Advance royalties are payable quarterly and will aggregate $94,000 over the first nine-year period. Thereafter, $5,000 is payable quarterly. Among other provisions and representations, the partnership agrees to pay property taxes upon the premises, and to perform any assessment

3. Gilt Edge Prospect, continued:

work necessary to perpetuate the claims. The partnership has an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $2,500,000 with credit for all amounts paid to Commonwealth against the purchase price.

During 1975, a Joint Venture Agreement was entered into under which the partnership transferred to Cyprus Mines Corporation now Amoco Minerals ("Amoco"), an undivided 80% interest in the above-mentioned mining clamins, together with the same percentage interest in any properties subsequently acquired by either party within two miles of the Commonwealth property boundaries. As a joint venturer and operator, Amoco will pay 80% of all expenditures including obligations for all properties subject to the Joint Venture Agreement. The partnership, in order to maintain its 20% interest, is obliged to fund 20% of all expenditures. The Joint Venture Agreement contains provisions respecting exploration, operations, expenditures, dilution, termination and other items. Under certain conditions the partnership is entitled to receive a royalty equal to 2% of the net smelter returns from properties subject to the Joint Venture Agreement.

A Lease and Option to Purchase Agreement was entered into with Northwestern Metal Company as of September 1, 1976 which provides for rights of exploring, mining, milling, removing and selling all ores and minerals in certain patented mining claims in accordance with specific provisions as set forth. The term of the lease and option is 15 years plus so long thereafter as commercial production continues. The prospect is subject to the Joint Venture Agreement and the joint venturers may terminate the agreement upon ten days' notice. The agreement provides for royalites to be paid on all ore mined and marketed and for advance royalty payments payable quarterly, aggregating $90,000 over a nine-year period. Thereafter, $3,500 is payable quarterly. Advance royalties shall be credited against production royalties. Among other provisions and representations, the joint venturers agree to pay property taxes upon the premises and to perform any assessment work necessary to perpetuate the claims. The joint venturers have an option exercisable while this agreement is in force and effect to purchase all right, title and interest in and to the premises for a total price of $1,250,000 with credit for all amounts paid to Northwestern Metal Company against the purchase price.

4. Flathead Prospect:

During 1976, the partnership entered into an agreement with the Anaconda Company under which the partnership acquired a mining lease on 4,160 acres of fee lands owned by Anaconda in Flathead County, Montana. The lease contains an exploration commitment which has been performed by the partnership. The lease is for a term of 13 years and so long thereafter as production continues at the rate of $1,000,000 or more net mint or smelter returns per year.

Anaconda retains a 5% roylaty interest. The partnership is obligated to pay minimum annual advance royalites commencing with 1977 and continuing through thirteen years in amounts ranging from $25,000 to $200,000.

During 1976, the partnership entered into an exploration permit with an option for a mining lease with Burlington Northern under a letter agreement. During 1978, the partnership exercised its option for a mining lease. Advance minimum payments shall be paid annually in advance ranging from $12,500 per year for the first three years; $25,000 per year for the fourth through seventh years; $50,000 in the eighth year; $75,000 in the ninth year; and $100,000 in the tenth and each succeeding year thereafter. One-half of the advance minimum payments required in the first seven years and all of the advance minimum payments made thereafter may be credited against future earned royalty payments which are required once production has commenced.

With effect from February 1, 1979, the partnership entered into a Limited Partnership Agreement as the limited partner with Canadian Superior Mining (U.S.) Ltd. ("Superior") as the general partner. The limited partnership is known as Hog Heaven Partners, Ltd. ("HHP"). The partnership's interest in the properties have been contributed to HHP. In order to maintain its interest in HHP, the general partner was obliged to make contributions to the capital of the partnership such that its total cumulative expenditures equal $700,000 prior to January 31, 1981 and $1,000,000 prior to November 1, 1981. Such contributions were made on a timely basis.

During 1980 HHP terminated a sublease to Waino Lindbom relating to a State of Montana mining lease on 640 acres. The consideration to Mr. Lindbom was monthly advance royalty payments of $1,000, and an overriding royalty of 2-1/2% on production from the acreage, to a maximum consideration of $200,000.

HHP was terminated effective May 15, 1982, with Superior retaining the right to a production payment of $2,650,000, payable out of 10% of net income after recoupment, with interest, of all sums spent on the Flathead project subsequent to May 15, 1982.

5. Ashby Prospect:

During 1979 the limited partnership exercised its option to purchase the Ashby property, which consists of 67 unpatented lode mining claims in Mineral County, Nevada. The limited partnership leased the property effective May 3, 1979, to an independent miner for a term of five years plus so long thereafter as production from the property in commercial quantities shall continue. Royalty income on production in 1981 amounted to $1,172. Commencing May 1, 1984, the lessee must pay minimum annual royalties of $25,000 per year. The lease agreement also requires the lessee to pay all property taxes, meet the assessment requirements, and perform certain rehabilitation work, among other terms and conditions.

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COCA MINES INC.

BALANCE SHEET

SEPTEMBER 30, 1982

AND PRO FORMA AS OF DECEMBER 31, 1982

(Unaudited)

COCA MINES INC.

Balance Sheet
September 30, 1982 and Pro Forma as of December 31, 1982

(Unaudited)

ASSETS

	September 30, 1982 As Reported		Pro Forma Adjustments	Pro Forma Balance Sheet December 31, 1982
Current Assets				
Cash and Cash Equivalents	$ 17,470	(E), (B)	$ 4,500,000	$ 4,547,470
		(C)	30,000	
Accounts Receivable	159,441			159,441
Notes Receivable, Officers	67,978			67,978
Investment in Candelaria Partners	557,784			557,784
Investment in Equity Silver Mines Limited	1,351,418	(C)	(144,647)	1,206,771
Office improvements, furniture & equipment, net of accumulated depreciation	138,687			138,687
Organization Costs	1,199			1,199
Investments in Claims & Leases	16,000	(A)	2,528,576	2,544,576
	$ 2,309,977		$ 6,913,929	$ 9,223,906

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1982 As Reported		Pro Forma Adjustments	Pro Forma Balance Sheet December 31, 1982
Current Liabilities				
Note Payable, Bank	$ 2,045,000	(C)	$ (2,045,000)	
Accounts Payable and Accrued Expenses	176,389			$ 176,389
Notes Payable, Partners of Predecessor Partnership	1,094,321			1,094,321
Stockholders' Equity				
Preferred Shares, $20.00 Par Value; 225,000 shares outstanding		(E)	500,000	
		(B)	4,000,000	4,500,000
Common Shares, $.01 Par Value; 5,000,000 shares authorized	10,085	(A)	3,300	13,385
Paid-In Capital	1,243,787	(A)	2,525,276	3,769,063
Deficit	(2,259,605)	(C)	1,930,353	(D) (329,252)
	$ 2,309,977		$ 6,913,929	$ 9,223,906

The accompanying pro forma notes are an integral part of this financial statement.

COCA MINES INC.

FOOTNOTES FOR PRO FORMA

ADJUSTMENTS

Pro Forma Adjustments:

(A) To reflect the acquisition of the assets of Congdon and Carey, Ltd. 5 (a limited partnership) in consideration for the issuance to the partners of that partnership of no more than 330,000 shares of the common stock of CoCa Mines **Inc. and non-interest bearing production payments of $1,314,701.89 to be paid to the limited partner interests from 10% of the operating cash flow from the Flathead Project and $720,835.67 to be paid to the limited partner interests from operating cash flow from the Gilt Edge project in both cases after payout with interest of all funds invested in the respective projects from January 1, 1983. The investment in claims and leases will be recorded at predecessor's cost.**

(B) To reflect the sale to St. Mary Parish Land Company of 200,000 shares of callable convertible preferred stock at a price of $20.00 per share. This preferred stock can be converted on or before December 31, 1986, into 200,000 shares of the common stock of CoCa Mines Inc. The preferred stock can be called by CoCa on 45 day's notice. As additional consideration CoCa Mines Inc. will issue to St. Mary Parish Land Company a common stock purchase warrant expiring on January 31, 1987, to purchase 150,000 shares of CoCa's common stock at a price of $20.00. This warrant will not be separable from the preferred stock and can be exercised only within 30 days following conversion of the preferred stock.

The above noted sale is subject to the acquisition of all of the assets of Congdon and Carey, Ltd. 5 and favorable results of certain metallurgical testwork on samples of ore from the Flathead Project to ascertain that the Project is economically viable at present day metal prices, metallurgical extraction rates, reagent consumptions and operating costs.

(C) To reflect the sale of 120,000 shares of Equity Silver Mines Limited. Proceeds from this sale were used to repay all bank borrowings and the balance was used to supplement working capital.

(D) Operations for the fourth quarter have not been estimated for this pro forma financial statement.

(E) Assumes the sale of 25,000 preferred shares at $20.00 per share to the shareholders of CoCa Mines Inc.

EXHIBIT B

Kilborn Engineering (B.C.) Ltd. / 1199 W. Pender, Vancouver, Canada V6E 2R1. Telex: 04-507734, Tel: (604) 669-8811

October 13, 1982

Co Ca Mines Inc.
1100 Denver Centre Building
1776 Lincoln Street
Denver, Colorado 80203
U.S.A.

Attention: Mr. Hugh Matheson
President

Dear Sirs:

We are pleased to submit herewith our Report entitled:

'Co Ca MINES INC.
Co Ca MINES INC. - CONGDON AND CAREY LTD. 5 EVALUATION'.

We trust this Report will assist you in your amalgamation of Co Ca Mines Inc. and Congdon and Carey Ltd. 5.

The relative values of the groups have been calculated on a consistant basis. However, the absolute net worth of the individual items may change, as no value has been applied to corporate knowledge or to potential increases in value which may result from major changes in metal prices, interest rates or inflation.

If you have questions concerning any aspect of this Report, we will be pleased to discuss them with you at your convenience.

Yours truly,

KILBORN ENGINEERING (B. C.) LTD.

J. B. Fairbairn, P.Eng.
Manager of Mining Engineering

JBF/bj

Co Ca MINES INC.

Co Ca MINES INC. - CONGDON AND CAREY LTD. 5 EVALUATION

TABLE OF CONTENTS

1.0 INTRODUCTION

The following Report, comprising an evaluation of the mineral holdings of Co Ca Mines Inc. and Congdon and Carey Ltd. 5 has been prepared, at the request of Mr. Hugh Matheson, President of Co Ca Mines Inc., Denver, Colorado, by Kilborn Engineering (B. C.) Ltd. of Vancouver, British Columbia.

As part of the Terms of Reference for this Project, it is understood that no site inspections were to be carried out except for the Flathead Deposit, and the evaluation was to be made based on reports and other documentation available in the Denver offices of Co Ca Mines Inc.

The assets of the two Companies consist of both tangible and intangible items. Tangible assets consist of interest in producing mines and potential producing mineral properties. The intangible assets consist of the potential of unexplored properties held and the knowledge and ability of the organization.

Properties, where mineral reserves have been outlined sufficiently to determine potential viability, have been appraised as future producers on a 'net present value' basis. Producing properties, where there is a market for the stock, are valued at 'market value'. Properties, which have not been drilled sufficiently to obtain a mineral reserve, have been evaluated arbitrarily.

The Co Ca Mines Inc. properties evaluated include the following:

Equity Silver Mines Limited, British Columbia
Candelaria Partners, Nevada
Jerome Property, Arizona
Middle Buttes Property, California
Luning Property, Nevada
Round Mountain Property, Colorado

The Congdon and Carey Ltd. 5 properties evaluated include the following:

Gilt Edge Property, South Dakota
Flathead Property, Montana

2.0 CONCLUSION

It is Kilborn's opinion that the present value of the holdings of Co Ca Mines Inc. and Congdon and Carey Ltd. 5, under current economic conditions, are as follows:

2.1 Co Ca MINES INC.

Equity Silver Mines Limited	-	$ 15,200,000
Candelaria Partners	-	1,280,000
Jerome Property	-	50,000
Middle Buttes Property	-	Ø
Luning Property	-	100,000
Round Mountain Property	-	Ø
TOTAL		$ 16,630,000

2.2 CONGDON AND CAREY LTD. 5

Gilt Edge Property	-	$ 330,000
Flathead Property	-	5,480,000
TOTAL		$ 5,810,000

3.0 EQUITY SILVER MINES LIMITED

Co Ca Mines Inc. holds 1,121,146 common shares of Equity Silver Mines Limited. Placer Development Limited is the major shareholder and manager of the operation.

Published data on Equity Silver Mines Limited gives the following information:

Ore Reserves as of December 31, 1981:

Tonnes	-	25,582,000
Grams per Tonne of Silver	-	102.9
Grams per Tonne of Gold	-	0.959
Percent Copper	-	0.386

Profit in 1981 was $0.52 (Canadian) per share, and the profit in 1982 1st quarter was $0.15 (Canadian) per share.

Indications are that earnings of $0.50 to $0.60 (Canadian) per share could be anticipated for a period of 13.5 years.

The present earning of Equity Silver Mines Limited is depressed below normal expected earning because of, current low copper prices, silver which is below the last 5 year average price, and plant start-up costs. Therefore, the holdings in Equity Silver Mines Limited have not been based on current profit conditions.

The shares of Equity Silver Mines Limited are traded on the Vancouver Stock Exchange. For the week ending September 30th, 1982, the closing price was $18.50 (Canadian). Based on these prices, the stock has a market value of:

($18.50 x .8) U.S. x 1,121,146 Shares = $ 16,590,000 less U.S. income tax on capital gains.

Capital gain would be:

($16,590,000 - $1,500,000) U.S. = $ 15,090,000 U.S.

Tax on capital gain is calculated at 46 percent of 20 percent of the long-term gain. The tax would be:

$15,090,000 x .2 x .46 = $ 1,390,000 U.S.

The after tax value of the Equity Silver Mines Limited stock, if sold, is $15,200,000.
===========

4.0 CANDELARIA PARTNERS

Co Ca Mines Inc. holds a carried interest in the Candelaria Silver Project, Mineral County, Nevada. This property has been developed and production started in 1980. However, production is currently shutdown because of low silver prices.

The property is operated by Occidental Minerals Corporation; the unlimited partner. Co Ca Mines Inc. carries an 8 percent cash flow interest in the property until the capital and interest on the capital is recovered by Occidental Minerals Corporation. After recovery of capital and interest, Co Ca Mines Inc. is entitled to 40 percent of the cash flow.

The Candelaria operation consists of 2 open-pits and a heap leaching operation for recovery of gold and silver from the ore. Statistics on the deposit are as follows:

(a) Ore Reserve - January 1, 1982

Quantity of Ore	-	11,500,000 tons
Grade (Soluble Silver Equivalent)	-	1.38 troy ounces per ton
Associated Stripping	-	27,100,000 tons
Operating Life at 2.6 M Tons per Year	-	4.42 years

(b) Metallurgy

The precious metal recovery is by heap leaching of the crushed ore by cyanide solution at a pH of 10.75 to 11.5. Precious metals are recovered from the pregnant solution by the Merrill-Crowe process and are smelted to produce dore bars.

Process recovery is 67.9 percent of the soluble silver equivalent. The soluble silver equivalent grade is the amount of silver and gold which can be recovered from a pulverized sample by hot caustic leaching expressed as troy ounces of silver, where recovered gold is converted to silver at the ratio of 40:1.

(c) Operating Costs for 1981

Description	Year 1981	Cost per Ton Ore Treated
Mining	$ 5,564,000	$ 2.69
Processing	7,380,000	3.57
General	3,366,000	1.63
Outside Refining	568,000	.27
TOTAL	$ 16,878,000	$ 8.16

4.1 POTENTIAL CASH FLOW FROM OPERATIONS

Assuming a production rate of 2.6 million tons per year and a metal price for silver of $10.00 per troy ounce, the annual income from the sale of metal will be as follows:

2.6 M tons x 1.38 ounces x .679 x (10.00 - .10) = $ 24,119,000

The annual operating cost will be:

2.6 M tons x $8.16 = $ 21,217,000

The Nevada Severence Tax will be 3 percent of the Net Smelter Returns:

.03 x 24,119,000 = $ 724,000

NET ANNUAL CASH FLOW $ 2,178,000

Co Ca Mines Inc.'s potential cash flow at a silver price of $10.00 per troy ounce is $174,000 per year for 4.42 years, or a total of $770,000.

4.2 VALUE OF INTEREST BY THE SALE OF ASSETS

The Candelaria operation is said to be for sale by the major partner for the sum of $16,000,000. If sold, Co Ca Mines Inc. would receive 8 percent of the sale price.

Payment to Co Ca Mines Inc., if the property is sold, will be as follows:

$16,000,000 x .08 = $ 1,280,000

The exploration investment in the property was $1,600,000. Therefore, there will be no tax on this payment. The after tax value of the Candelaria Operation to Co Ca Mines Inc. is $1,280,000.

5.0 JEROME PROJECT

The Jerome Project is located in central Arizona, near the Town of Jerome, in Yavapai County. The property consists of 1800 acres leased from United Verde Explorations Ltd., 900 acres leased from Phelps Dodge Corporation and 11 claims staked by Co Ca Mines Inc.

The geological environment is Precambrian and has yielded massive sulfide deposits which have previously supported the United Verde Exploration Mine and the United Verde Mine.

Work to date by Co Ca Mines Inc. consists of a collection of previous exploration and production information and a geophysical survey program. Expenditures to date total $50,000. There are no commitments for future work, however, probable future spending will be $250,000 per year.

The property cannot be assessed at this time as there are no known reserves. The property is worth, for evaluation purposes only, the money spent on it in acquiring and exploring it to date.

The value of the Jerome property is $50,000.

6.0 MIDDLE BUTTES PROJECT

The Middle Buttes Project consists of 1132 acres held in fee and 400 acres of unpatented claims in the Majove Mining District, Kern County, California, some 25 miles north-northwest of the Community of Lancaster.

The area is part of the Western Majove Desert and consists primarily of flat terrain with some low volcanic buttes.

The geological setting has been favourable for gold and silver deposition. Mineralization occurs within a pile of Tertiary volcanic, pyroclastic and sedimentary rocks. Mineral zones appear to be contemporaneous with deposition of volcano-sedimentary units. Three horizons have been recognized which are the Cactus, Shumake and Winkler Zones.

Gold was discovered in 1894 in the Majove Mining District, and a series of small mines operated on Tropico Hill until 1910. Mining was resumed in the 1930's on the Middle Buttes and continued until 1942.

Potential reserves based on exploration work undertaken in 1980-81 and interpretation of previous information is as follows:

(a) Cactus Vien Zone

10 to 45 feet thick (underground), 150,000 to 200,000 tons at 0.5 ounces per ton of gold and 15 ounces per ton of silver.

(b) Shumake Zone (Open-Pitable)

Approximately 1,000,000 tons at .08 ounces per ton of gold.

(c) Winkler Zone

50,000 tons at 0.6 ounces per ton of gold.

Expenditure to date by Congdon and Carey Ltd. 5 is $650,746. No expenditure has been undertaken by Co Ca Mines Inc., as yet. Probable exploration expenditures, prior to proceeding to production, could be $1,000,000 by the end of 1982.

The value of the property to Co Ca Mines Inc. is the value of the money spent to date by themselves.

The value of the Middle Buttes property, at present time, is negligible.

7.0 LUNING PROJECT

The Luning Project is located in the Santa Fe Mining District, Mineral County, Nevada, 34 miles east of the Town of Hawthorne. The property consists of 55 lode mining claims.

The project area is situated around the Giroux Mountain stock where Triassic limestone was intruded by Cretaceous quartz monzonite and then partially covered by Tertiary volcanics. The area has a history of ore deposits which contain copper, silver, gold and tungsten.

Co Ca Mines Inc. has identified geochemical anomalies of gold, antimony, arsenic and mercury at the intersection of two large faults in the Luning limestone.

Co Ca Mines Inc. have spent $100,000 to date on the property. No economic reserves have, as yet, been outlined.

The value of the property is as an exploration target and has a nominal value of the expenditures to date. Therefore, the value of the Luning property, at present time, is $100,000.

8.0 ROUND MOUNTAIN PROJECT

The Round Mountain property, consisting of more than 4300 acres of mineral rights, is located in the Hardscrabble Mining District, Custer County, Colorado, immediately north of the communities of Silver Cliff and Westcliffe.

The first significant mineral discovery in the area was made in 1870. The major production in the area was from 1872 to 1885, although, there was sporadic production up until 1923. Two or three small vein mines were produced during the Korean War.

The property is being acquired from a Congdon and Carey Ltd. 5 partnership which holds a 20 percent carried interest. Co Ca Mines Inc. assumes responsibility for $230,000 of partnership debt and a work commitment of $1,000,000 by December, 1988. The agreement is conditional on Co Ca Mines Inc. financing.

The geological setting is part of the Silver Cliff volcanic center of Tertiary age. A shallow, flat lying, silver-manganese deposit has been partially outlined by drilling.

The host rocks for this silver bearing cryptomelane (potassium-manganese oxide), are rhyolite flows and flow breccias. The mineralization appears to be localized by a palaeowater table perched on underlying obsidian and spherulite.

Since 1966, 34,256 feet of drilling has outlined a mineral reserve of 80 percent possible and 20 percent probable confidence levels as follows:

(a) Assumed Cutoff Grade - 2 Ounces Silver per Ton:

3.3 million tons at 2.56 ounces silver per ton.

(b) Assumed Cutoff Grade - 1 Ounce Silver per Ton:

7.1 million tons at 1.78 ounces silver per ton.

The maximum depth is 150 to 180 feet. The stripping ratio, at one ounce silver per ton cutoff grade, is estimated to be 1.4 to 1.

Metallurgical test work has been undertaken in an attempt to determine a method of recovering the contained silver. Indications are that some type of pre-concentration by magnetic or gravity processes, followed by alternative methods of breaking down the manganese mineral to permit upgrading of the concentrate or separation of silver, will be required to treat the ore.

The property requires further drilling to improve the reliability of the reserves. However, the critical item is that until the metallurgical problems have been solved, the deposit has no value.

9.0 GILT EDGE PROJECT

The Gilt Edge Project is located in Lawrence County, South Dakota. The property consists of 830 acres held through patented and unpatented mining claims. This property is within 5 miles of the Homestake Mine.

The geological setting of the Gilt Edge property is the northern Laramide Black Hills uplift that exposes Precambrian metamorphic and plutonic rocks. The mineralized area is a silicic Tertiary intrusive centre within the uplift. Three sanidine rhyolite porphyry intrusives intrude earlier porphyries in the area. The gold mineralization is located around the contacts of these intrusives in pyritized silicifed porphyritic rock.

There was intermittent mining on the property from 1897 to 1941. The property was acquired by Congdon and Carey Ltd. 5 who, in 1971, concluded an unsuccessful exploration program for copper and molybdenum and the property was returned to the previous owners. In 1975, Congdon and Carey Ltd. 5 renegotiated a new agreement on the property, and a joint venture with Cyprus Mines Inc. (now Amoco Minerals), was entered into to explore the near surface gold mineralization. Congdon and Carey Ltd. 5 has a 20 percent carried interest. Exploration to date has totalled $3,350,000 of which Congdon and Carey Ltd. 5's share is $670,000.

Shallow drilling during 1975 through to 1980 consisted of 214 rotary holes with a total length of 52,050 feet, and outlined the following open-pitable mineral reserves:

Cutoff Oz Au/Ton	Tons Millions	Grade Oz Au/Ton	Stripping Rate Waste/Ore
0.020	11.32	0.042	1.97-1
0.025	8.52	0.049	2.95-1
0.030	6.38	0.055	4.27-1
0.035	5.03	0.062	6.26-1
*0.020	8.03	0.046	1.70-1

*There is a potential for further mineralization of from 5 to 10 million tons.

Deep exploration drilling in 1981 indicated further potential areas, however, no reserve has been outlined at this time.

Metallurgical testing has indicated that a recovery of 70 percent of the gold can be obtained by heap leaching.

An economic evaluation of the property, based on a heap leaching operation of 1,250,000 tons per year and assuming a gold price of $400 per ounce, has been undertaken to arrive at a cash flow for a present value determination.

Mining will be by open-pit methods. The ore will be processed by sizing and heap leaching. The gold will be recovered from the pregnant solution by the Merrill-Crowe process and will be sold as bullion.

In-place reserves considered are 8,500,000 tons at 0.049 ounces gold per ton. The stripping ratio will be 2.95 to 1. Mining dilution is assumed to be 10 percent at no grade which will give 9,300,000 tons at a grade of .045 ounces gold per ton. Leach recovery is assumed to be 70 percent.

The Capital cost is estimated to be $25,000,000. This is based on the capital cost of other heap leaching operations prorated for size and time.

Operating costs are estimated to be $8.30 per ton treated and are broken down as follows:

(a)	Mining ($.70 per ton moved)	-	$ 2.80
(b)	Process	-	$ 3.90
(c)	General	-	$ 1.60

Income is estimated to be:

$400 x .045 x .70 = $ 12.60 per ton.

State severence tax in South Dakota is 6 percent of the Net Smelter Return.

Payments to the original property holders total $3,800,000. For the present cash flow situation, royalties are assumed as 8 percent of the Net Smelter Returns up to the total of $3,800,000.

PROJECTED CASH FLOW

GOLD PRICE - $400 PER OUNCE

(By 1000)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Production (Tons/Year)	-	-	1,250	1,250	1,250	1,250	1,250	1,250	1,250	550
Ounces Gold	-	-	394	394	394	394	394	394	394	-
Net Smelter Return	-	-	15,750	15,750	15,750	15,750	15,750	15,750	15,750	6,930
Expenditures:										
Capital Cost	10,000	15,000	-	-	-	-	-	-	-	-
Operations	-	-	10,375	10,375	10,375	10,375	10,375	10,375	10,375	4,565
Severence Tax	-	-	945	945	945	945	945	945	945	415
Royalty	-	-	1,260	1,260	1,260	20	-	-	-	-
Operating Profit	-	-	3,170	3,170	3,170	4,410	4,430	4,430	4,430	1,950
Depreciation	-	-	3,170	3,170	3,170	4,243	4,243	4,243	4,243	1,867
Taxable Income	-	-	-	-	-	167	187	187	187	83
Taxes	-	-	-	-	-	42	47	47	47	41
Net Cash Flow	(10,000)	(15,000)	3,170	3,170	3,170	4,368	4,383	4,383	4,383	1,909
Net Cash Flow:										
Present Value at 15% DCF	(10,000)	(13,044)	2,397	2,084	1,813	2,172	1,895	1,648	1,433	543

At a present market price for gold of $400 per ounce, the Gilt Edge property will not repay future capital requirements. Therefore, the Gilt Edge property has no present value as a producing mine. The property does have a value of a tax write off of half the money spent by Congdon and Carey Ltd. 5 of $330,000.

10.0 FLATHEAD PROJECT

The Flathead property of Congdon and Carey Ltd. 5 is located on the southern edge of Flathead County, Montana. The nearest community is the Town of Polson which is 35 road miles southeast of the property.

The property consists of 10.5 sections of fee land leased from the Anaconda Copper Company and the Burlington Northern Inc. In 1913, local ranchers found mineralized outcrops on fee land held by Anaconda. Anaconda attempted to place the property into production during 1929-30. The mine was reopened in 1934, and operated until mid-1946. Production was principally direct shipping silver ore, although the mine also shipped base metal lead-zinc ore and copper ore during World War II. The property was dormant from 1946 until 1963 at which time the property was leased to Waino Lindbom who mined approximately 50,000 tons of direct shipping ore, from a small pit during the period 1963 to 1975.

In 1975, Congdon and Carey Ltd. 5 negotiated leases with Burlington Northern Inc. and Anaconda Copper Company. From 1975 until 1979, Congdon and Carey Ltd. 5 reopened and mapped the old underground workings and drilled 45 diamond drill holes.

In 1979, Congdon and Carey Ltd. 5 assigned its leasehold interests to Hog Heaven Partners retaining a limited partnership interest. Canadian Superior Mining (U.S.) Ltd., the general partner, completed extensive additional drilling (approximately 450 holes), initiated an environmental baseline study and undertook preliminary metallurgical studies.

In May 1982, the Flathead property was returned to Congdon and Carey Ltd. 5, with Canadian Superior Mining (U.S.) Ltd. retaining a 10 percent net profits interest payable after recovery of funds invested, up to a total payment of $2,650,000.

The Flathead deposits occur in an island of volcanics overlaying Precambrian basement rocks. The two known deposits lie in the northern half of a one to 2 mile by 6 miles northwest trend body of Tertiary volcanics. Virtually all potential ore occurs in the volcanoclastic rocks which varies from waterlain sediments to vent or explosion breccias. The mineralization which appears to be a hot springs deposition is accompanied by silicification which envelopes the mineralized zones. The silver mineralized is generally low in sulfide with a majority of the silver appearing as sulfosalts. The lead, zinc and copper mineralization does not normally carry high silver values.

The larger of the two deposits is the Main Flathead Deposit which was the previous producing mine. In the northern portion of this Deposit, the volcanics are 400 to 500 feet in thickness. In the southern portion of the Deposit, next to a south bounding fault, the thickness of these volcanics is in excess of 1300 feet. Mineralization occurs in two major altitudes. There are 3 major, steeply dipping, zones which form a 'pipelike' neck near the fault contact, and a series of flat lying deposits which appear to conform with the bedding in the water lain sediments.

The second known deposit on the property is the Ole Hill Deposit which appears to be a blanket overlying the Precambrian rocks. The maximum thickness of the volcanics is approximately 50 feet. The silver mineralization carries through the volcanics and into the Precambrian to a depth of 50 feet. The dip of the Deposit approximates the topography which averages 15 degrees.

The reserves, as calculated by Co Ca Mines Inc., are outlined in the following 'Table VII - Flathead Project Ore Reserves' as taken from the Report dated September 1982, by Freeman, L. W., titled Flathead Project, Initial Examination of Mineable Reserves.

Metallurgical testing was undertaken by Hazen Research under the direction of Canadian Superior Mining (U.S.) Ltd. There are, primarily, 3 ore types which are - oxidized ore (no visible pyrite remaining), mixed oxide sulfide ore (some pyrite remaining but with iron oxide present), and sulfide ore (no visible iron oxides).

The oxide and mixed oxide sulfide ore appear amenable to cyanidation after pretreatment with caustic to remove silica locking. Recoveries were obtained which ranged from 84 to 92 percent of the silver. The sulfide ore is not

TABLE VII
Flathead Project Ore Reserves
Summary of Reserves for Each Mining Block

Mining Block	Class	Source ④	Cutoff ③	Tons	Grade: oz Ag/T Equiv. ①	Grade: oz Ag/T	Grade: oz Au/T	Grade: Pb+Zn%	Oxide	SR	Oz Ag Equiv.
Open Pit											
Ole Hill	Prov	LWF	1.0 oz Ag equiv.	1,250,000	2.7	2.3	0.011	②	> 95%	0.5:1 est	3.4 million
	Prob-Poss	LWF	1.0 oz Ag equiv.	475,000	2.3	1.5	0.020	②	> 95%	1.0:1	1.1
East Zone	Prov	Sup/LWF	2.0 oz Ag/T	894,000	6.9	6.0	.022	0.8 ③	Mixed	4.7:1	6.2
	Prob-Poss	Sup/LWF	2.0 oz Ag/T	87,000	6.6	5.7	.022	0.8 ③	Mixed	4.7:1	0.6
Central Zone	Poss	LWF	1-2 oz Ag/T	340,000	3.7	3.2	.013	②	Mixed	3.0:1 est	1.3
Lead Pit	Poss	LWF	1-2 oz Ag/T	450,000	5.0 est	5.0 est	Nil est	②	Mixed	5.0:1 est	2.3
											14.9
Underground											
Room & Pillar											
Black Hole	Poss	J&C	4.0 oz Ag equiv.	440,000	11.0	6.0 est	Nil	5.0est	< 5%	-	4.8
North Flat	Prob-Poss	LWF	4.0 oz Ag equiv.	1,200,000	9.2	4.9	Nil	4.3	< 5%		11.0
South Pb/Zn	Prob-Poss	LWF	4.0 oz Ag equiv.	30,000	6.6	0.6	Nil	6.0	< 5%		0.2
FD 2-4	Prob-Poss	LWF	4.0 oz Ag equiv.	700,000	11.5	6.8	.009	4.3	< 5%		8.1
Blast Hole Stope											
West Zone	Poss	J&C	4.0 oz Ag equiv.	750,000	9.0	6.0 est	.015est	2.4est	20%		6.8
Sublevel Cave	Poss	LWF	1.0 oz Ag equiv.	5,500,000	4.2	2.8	.015	0.8	< 5%		23.1
											54.0
									TOTAL		69.0 million

① Equiv. assumes $0.25/lb NSR for Pb and Zn, $500/oz for Ag and $200/oz Au. $Au:$Ag=40:1

② Oxide Environment, base metals probably not recoverable

③ Base metals probably not recoverable. Not included in equiv. silver calculation

④ Source of Calculation, LWF-this study 8/82. Sup-Superior Mining 1/82, J&C-Jonson & Crowley 8/78

<u>Assumed</u> tonnage factor: 12.5 CF/T

amenable to cyanidation, however, is amenable to flotation, with recoveries in excess of 90 percent of the contained silver.

The metallurgical test work which has been completed is not sufficient for plant design. Additional metallrugical testing is required. After additional preliminary tests, a bulk sample of the oxide and mixed oxide sulfide ore should be pilot tested. The following Capital and Processing Costs could be effected to a marked extent by the results of this test work.

The development plan, which is considered in evaluation of the Flathead deposit, is as follows:

(a) The initial mining will be by open-pit methods. The Main Flathead Zones will be mined initially, followed by the mining of the Ole Hill Zone.

(b) The underground reserves will be developed during the mining of the open-pit reserves and will be mined after the open-pits are completed. The ore zones above the fifth level will be mined prior to mining zones which are lower in the structure.

(c) The process facilities will initially be constructed to treat the oxide and mixed oxide sulfide ores by cyanidation. The plant will be modified to treat ore by flotation when the sulfide ore is mined.

(d) The production rate will be 1000 tons per day or 350,000 tons or ore per year.

The environmental baseline studies will be completed in November, 1982. A feasibility study and detailed metallurgical testing have yet to be started. If however, the above can be satisfactorily completed, and financing arranged, construction could be started by mid-1983 and completed by the end of 1984.

Order of Magnitude Capital Costs to place the Flathead property into production, which have been factored from other projects, are estimated to be as follows:

Description		Cost
Mining Equipment		$ 3,000,000
Mine Service Facilities		1,500,000
Preparation Development		500,000
Site Preparation		300,000
Excavation and Foundations	$ 500,000	
Crushing Plant	1,300,000	
Grinding	2,000,000	
Cyanidation	1,500,000	
Thickening and Filtration	1,700,000	
Precipitation and Refining	300,000	
Concentrator Building	7,000,000	
Process Plant		$ 14,300,000
Water Supply		500,000
Tailings Disposal		1,000,000
Plant Services		900,000
Power Supply		1,000,000
Construction Indirects		2,200,000
Engineering, Procurement and Construction Management		2,900,000
Owner's Costs		600,000
TOTAL COST		$ 28,700,000

Capital requirements after start of production for underground mining would be as follows:

Description	Cost
Major Decline System	$ 1,500,000
Internal Service Shaft and Hoist	1,000,000
Underground Equipment	2,500,000
Underground Development	3,000,000
TOTAL COST	$ 8,000,000

Capital requirements for the mill modification to put in flotation and concentrate handling facilities for the unoxidized underground ore would be in the order of $2,500,000.

Operating Costs per ton of ore treated during the mining and treatment of open-pit ores will probably be:

Ore Zone	Mining	Processing	Administration General	Total Cost per Ton
East Zone	6.00	8.00	4.00	18.00
Central Zone	4.70	8.00	4.00	16.70
Lead Zone	6.30	8.00	4.00	18.30
Ole Pit	2.80	8.00	4.00	14.80

Income from open-pit operations will be 85 percent recovery of the silver and gold in dore bars. The metal prices considered are $10.00 and $12.00 per ounce for silver less $0.10 per ounce for selling costs. These are the prices, in 1982 dollars, which appear realistic for silver.

There is enough open-pit ore for 9 years of operation. A cash flow analysis, at a 15 percent discount rate, assuming no underground mining, shows the property has a present value, after taxes, of $2,700,000 for a $10.00 per ounce silver price and $8,270,000 for a $12.00 per ounce silver price.

If an average of these two values are taken then the Flathead property has a value of $5,480,000.

The present value of the underground ore has not been considered because of the time lag in placing the underground in operation.

PRODUCTION PLAN FOR OPEN-PIT ORE

Location	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Open-Pit Production (1000 t Ore):										
East Zone	350	350	281	-	-	-	-	-	-	-
Central Zone	-	-	69	271	-	-	-	-	-	-
Lead Pit	-	-	-	79	350	21	-	-	-	-
Ole Hill	-	-	-	-	-	329	350	350	350	346
Silver Produced (1000 Oz):										
East Zone	2053	2053	1701	-	-	-	-	-	-	-
Central Zone	-	-	217	852	-	-	-	-	-	-
Lead Pit	-	-	-	336	1488	222	-	-	-	-
Ole Hill	-	-	-	-	-	755	803	803	759	676
TOTAL	2053	2053	1918	1188	1488	977	803	803	759	676

PROJECTED CASH FLOW FROM OPEN-PIT ORE

SILVER PRICE - $9.00 PER OUNCE

(By 1000)

Description	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Gross Income (NSR)	-	-	18,270	18,270	17,070	10,570	13,240	8,700	7,150	7,150	6,750	6,020
Expenditures:												
Capital Cost	11,500	17,200	-	-	-	-	-	-	-	-	-	-
Operating Cost	-	-	6,300	6,300	6,210	5,970	6,400	5,250	5,180	5,180	5,180	5,120
Royalties (Anaconda and Burlington)	-	-	910	910	850	530	660	440	360	360	340	300
Operating Profit	-	-	11,060	11,060	10,010	4,070	6,180	3,010	1,610	1,610	1,240	600
CSM Royalty	-	-	-	-	-	400	620	300	160	160	120	60
Depreciation (30% per Year)	-	-	9,000	6,300	4,400	3,100	2,200	1,500	1,100	700	500	400
Taxable Income	-	-	2,060	4,760	5,610	570	3,360	1,210	350	750	620	140
Taxes	-	-	520	1,190	1,400	140	840	300	90	190	160	40
Net Cash Flow	(11,500)	(17,200)	10,540	9,870	8,610	3,530	4,720	2,410	1,360	1,260	960	500
Present Value at 15% DCF	(10,000)	(13,000)	6,930	5,640	4,280	1,530	1,770	790	380	310	210	90

PROJECTED CASH FLOW FROM OPEN-PIT ORE

SILVER PRICE - $10.00 PER OUNCE

(By 1000)

Description	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Gross Income (NSR)	-	-	20,300	20,300	18,870	11,740	14,710	9,670	7,940	7,940	7,510	6,690
Expenditures:												
Capital Cost	11,500	17,200	-	-	-	-	-	-	-	-	-	-
Operating Cost	-	-	6,300	6,300	6,210	5,970	6,400	5,250	5,180	5,180	5,180	5,120
Royalties (Anaconda and Burlington)	-	-	1,010	1,010	940	590	730	490	400	400	380	330
Operating Profit	-	-	12,990	12,990	11,820	5,180	7,580	3,930	2,360	2,360	1,950	1,240
CSM Royalty	-	-	-	-	1,000	520	760	370	-	-	-	-
Depreciation (30% per Year)	-	-	9,000	6,300	4,400	3,100	2,200	1,500	1,100	700	500	400
Taxable Income	-	-	3,990	6,690	6,420	1,560	4,620	2,060	1,260	1,660	1,450	840
Taxes	-	-	1,000	1,670	1,610	390	1,160	520	310	420	360	210
Net Cash Flow	(11,500)	(17,200)	11,990	11,320	9,210	4,270	5,660	3,040	2,050	1,940	1,590	1,030
Present Value at 15% DCF	(10,000)	(13,000)	8,090	6,470	4,580	1,850	2,130	990	580	480	340	190

PROJECTED CASH FLOW FROM OPEN-PIT ORE

SILVER PRICE - $12.00 PER OUNCE

(By 1000)

Description	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Gross Income (NSR)	-	-	24,430	24,430	22,820	14,140	17,710	11,630	9,560	9,560	9,030	8,040
Expenditures:												
Capital Cost	11,500	17,200	-	-	-	-	-	-	-	-	-	-
Operating Cost	-	-	6,300	6,300	6,210	5,970	6,400	5,250	5,180	5,180	5,180	5,120
Royalties (Anaconda and Burlington)	-	-	1,220	1,220	1,140	710	890	580	480	480	450	400
Operating Profit	-	-	16,910	16,910	15,470	7,460	10,420	5,800	3,900	3,900	3,400	2,520
CSM Royalty	-	-	-	510	1,550	590	-	-	-	-	-	-
Depreciation (30% per Year)	-	-	9,000	6,300	4,400	3,100	2,200	1,500	1,100	700	500	400
Taxable Income	-	-	7,910	10,100	9,520	3,770	8,220	4,300	2,800	3,200	2,900	2,120
Taxes	-	-	1,980	2,530	2,380	940	4,050	1,080	700	800	720	530
Net Cash Flow	(11,500)	(17,200)	14,930	13,870	11,540	2,830	6,370	4,720	3,200	3,100	2,680	1,990
Present Value at 15% DCF	(10,000)	(13,000)	9,820	7,930	5,740	1,220	2,390	1,540	910	770	580	370

CoCa Mines Inc.
1982 Annual Report

CoCa
Mines Inc.

EXECUTIVE OFFICE
910 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

B-8

DIRECTORS

P. T. BEE
Dallas, Texas
Corporate Director and Trustee

ROBERT G. BOUCHER
Denver, Colorado
Chairman and Chief Executive Officer,
IntraWest Financial Corporation

WILLIAM J. CAREY
Dallas, Texas
Chairman of the Board,
Empire Manufacturing Company

ROGER C. COHEN
Denver, Colorado
Attorney at Law,
Cohen Brame & Smith P.C.

THOMAS E. CONGDON
Denver, Colorado
President,
St. Mary Parish Land Company

HUGH J. MATHESON
Denver, Colorado
President,
CoCa Mines Inc.

JAMES C. O'ROURKE
Vancouver, British Columbia
President,
Brinco Mining Limited

OFFICERS

THOMAS E. CONGDON
Chairman of the Board of Directors

WILLIAM J. CAREY
Vice Chairman of the Board of Directors

HUGH J. MATHESON
President and Chief Executive Officer

J. CHRISTOPHER MITCHELL
Vice President and Secretary

ROBERT A. RIVERA
Vice President-Exploration

JERRY E. JULIAN
Treasurer

REBECCA D. ZUPAN
Assistant Secretary

CONSULTING GEOLOGIST

DOLF W. FIELDMAN
Palo Alto, California

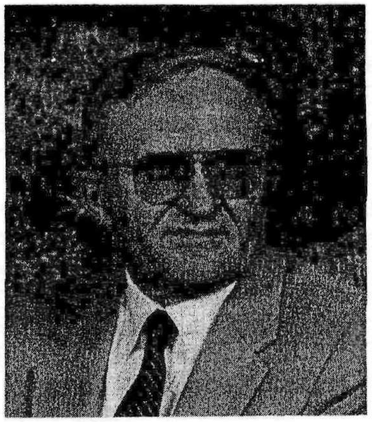
EXECUTIVE OFFICE

910 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203
(303) 861-5400

AUDITORS

Coopers & Lybrand
Denver, Colorado

"Listen to Grandma. Eat plenty of protein. Marry a nice man who doesn't drink. And put every cent you've got in silver."



The serious worldwide economic recession in 1982 struck the mining industry a severe blow. Metals prices relative to their costs dropped to levels not seen since the 1930's. Many mines in North America and elsewhere were closed — many were permanently abandoned. Unemployment in the industry continues to be severe and prosperity is an elusive will o' the wisp. Despite this almost universal gloom, I am particularly pleased to report that last year CoCa Mines:

—profited from the relatively low-cost production by its affiliates of 925,000 troy ounces of silver, 4,150 troy ounces of gold and 1,800,000 pounds of copper net to CoCa's interest,

—acquired the entire working interest in an advanced precious metals development project and several exploration properties,

—discharged all its indebtedness,

—raised $4.3 million of additional capital through the sale of convertible preferred stock, and

—maintained its full professional staff.

CoCa Mines Inc. is a small member of a primary industry *in our* world economy. We will continue with the development of low unit cost mines rather than high volume production. We believe CoCa has the properties, management capabilities, financial resources and exploration opportunities that will together generate profitable growth in the years ahead.

Production

CoCa owns 12.1 percent of the common stock of Equity Silver Mines Limited whose British Columbia mine last year was one of the largest producers of silver in North America. Production from the Equity mine in 1982 averaged 6,300 tons of ore daily. Total annual metals production in concentrate was 7.0 million ounces of silver, 30,000 ounces of gold and 15 million pounds of copper. Production of leached concentrate increased as technical problems in the process were overcome. All leached and unleached concentrate was readily salable. Smelters in Japan, Europe and the United States purchased 47,600 tons of concentrate containing 9.0 million ounces of silver, 31,000 ounces of gold and 17 million pounds of copper for revenues of $68.5 million. Earnings in 1982 to the common shareholders of $4.9 million were particularly gratifying as, in addition to the burden of low metals prices, Equity is a new mine with continuing obligations to lenders and preferred shareholders. The long-term bank loan was reduced by $12.2 million to $52.6 million at the end of 1982. At current metals prices and interest rates, all senior indebtedness and preferred stock of Equity Silver Mines Limited should be retired by late 1985.

CoCa owns a 37 percent limited partnership interest in Candelaria Partners, operator of an 8,000-tons-per-day open pit mine and heap leaching facility in western Nevada. Candelaria produced 1.1 million ounces of silver and 7,400 ounces of gold in 1982, generating revenues to the partnership of $11.4 million and a loss to the Company of $108,000. Mining operations were suspended June 3, 1982 because of low metals prices. A skeleton crew continued leaching the heaps of crushed ore. Early in 1983, NERCO Minerals Company, a subsidiary of Pacific Power & Light Company, purchased the general partner of Candelaria Partners. CoCa is entitled to 7.4 percent of operating cash flow until NERCO recovers some $36.5 million of capital invested in the project by its predecessor, Occidental Minerals Corporation. Thereafter, CoCa is entitled to 37% of the cash flow. NERCO is currently returning the mine to production at the rate of 5,000 tons of ore per day. This plan will extend the life of the mine but reduce annual production to approximately 1.6 million ounces of silver.

Development

At year-end CoCa acquired the interest of the Congdon and Carey, Ltd. 5 partnership in the Flathead Project in western Montana. Earlier in 1982 the partnership reacquired from Superior Oil Company the entire working interest in this silver-gold-lead-zinc-copper project. Recently completed evaluation work included 125,000 feet of diamond and rotary drilling, the reopening of underground mine workings, environmental baseline monitoring and metallurgical testwork. Minable open pit reserves of 1.8 million tons at a grade equivalent to 6 ounces of silver per ton have been defined. Conceptual design for a 1,000-tons-per-day open pit mine and concentrator has been completed. CoCa will soon begin a program of deeper drilling in an attempt to define higher grade orebodies thought to be suitable for low-cost underground trackless mining. Completion of a final feasibility study of this project is expected a year from now. CoCa will then consider development of an operation combining open pit and underground mining. The Company intends to retain the largest possible share of the working interest in the Flathead Project.

CoCa MINES INC.

Condensed Unaudited Financial Information
December 31, 1982

ASSETS

Current Assets	$4,559,577
Marketable Securities — Equity Silver Mines Limited 1,001,146 common shares, at cost (market value approximately $25,900,000)	1,672,402
Mining Properties and Projects, at cost	2,275,493
Other Assets	194,776
TOTAL ASSETS	$8,702,248

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	$ 287,125	
Notes Payable, Partners of Predecessor Partnership	1,094,321	$1,381,446
Stockholders' equity:		
Preferred stock, $20 par value, 225,000 shares authorized, 215,810 shares issued	4,316,200	
Common stock, $0.01 par value, 6,000,000 shares authorized, 1,338,462 shares issued	13,385	
Paid-in capital	3,383,951	
Deficit	(392,734)	7,320,802
		$8,702,248

$2.1 million of short-term bank debt and strengthen working capital. With a sound balance sheet in hand, CoCa then offered to acquire all the assets and properties of Congdon and Carey, Ltd. 5 in consideration for the issuance of 330,000 shares of common stock. It concurrently offered shares of convertible preferred stock and warrants to purchase additional shares of common stock. This reorganization and financing was successfully completed effective December 31, 1982. Cash in the amount of $4.3 million was raised from the sale of preferred stock and warrants. A large portion of these funds are committed to the further development of the Flathead Project.

Exploration expenditures in 1982 amounted to $428,653. Net income for the year, after utilization of net operating loss carryovers from prior years amounted to $590,324. Selected unaudited financial information for fiscal 1982 is included in this report.

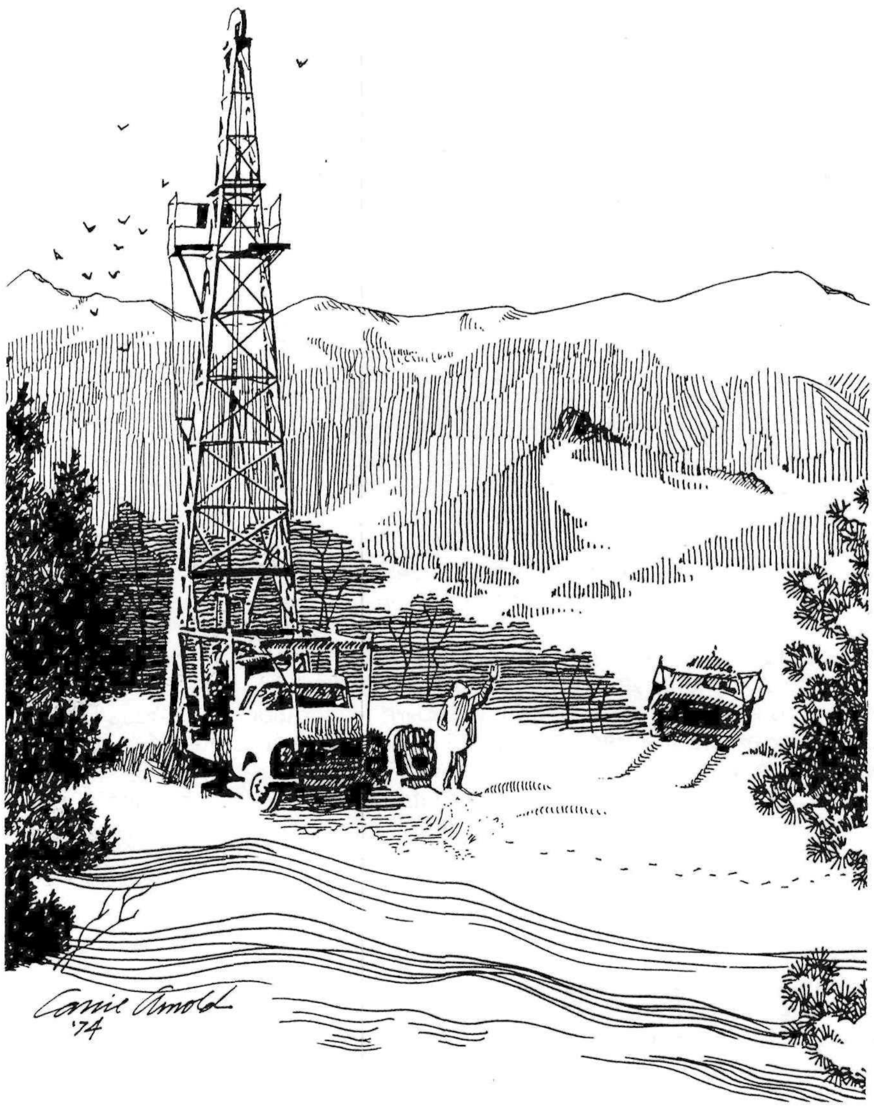
In mid-1982 silver and gold prices reached extraordinary lows. It was necessary that CoCa conserve cash to remain afloat. Rather than terminate professional staff, salaries were reduced — a burden offset, hopefully, by the granting of stock options. We have unusually skilled and dedicated people in our organization and we appreciate the continuing support of our shareholders as we begin to emerge from the difficult times just past.

Very truly yours,

Hugh J. Matheson

Hugh J. Matheson
President

April 12, 1983



Exploration

CoCa sharply reduced its exploration expenditures in 1982. However, this activity will be resumed on a modest scale in the current year on the following attractive properties already in hand:

The Middle Buttes prospect covers 1,200 acres of private leaseholds in the Mojave Desert of Southern California. Approximately 16,000 feet of diamond and rotary drilling has been completed since 1979 in areas that saw profitable gold mining operations immediately preceding World War II. Extensive exploration remains to be done, but the drilling and sampling completed to date have inferred an underground gold target of unusually high grade, in addition to low grade gold mineralization near the surface.

The Gilt Edge gold prospect is five miles southeast of the Homestake Mine in the Black Hills of western South Dakota. Amoco Minerals, the operating partner of CoCa in this joint venture, reports that ten million tons of 0.05 ounces per ton gold have been proven — by test drilling — to be amenable to open pit mining. An additional inferred ore reserve of 30 million tons of 0.06 ounces gold per ton may be present at greater depth.

CoCa now controls mining claims and fee mineral rights in 4,300 acres in the Hardscrabble Mining District of Custer County, Colorado where silver mining operations were first undertaken in the 1870's. Widespread silver mineralization has been tested by 46,000 feet of drilling to date. An indicated reserve of four to seven million tons of open pit ore of an average grade of 2.7 ounces silver per ton has been defined. The potential remains for development of reserves of comparable grade in untested adjacent areas. A second exploration target has inferred ore reserves of 1.4 million tons of an average grade of 5.0 ounces silver per ton, plus some lead and zinc values. Negotiations with a major company are underway to establish a joint venture to continue exploration and development.

CoCa has entered into a lease with Verde Exploration Limited for the exploration of that company's patented mining claims adjacent to the United Verde Extension Mine at Jerome, Arizona. Geologic and geophysical data developed by CoCa suggest several attractive exploration targets in these lands. Modern exploration techniques have greatly extended the depths of geophysical definition of massive sulfide exploration targets.

CoCa holds two blocks of unpatented mining claims covering 3,125 acres north and east of Hawthorne, Nevada. These are the Luning and Kasock Mountain prospects where extensive surface sampling and a modest amount of drilling have defined large zones of anomalous gold mineralization.

Finance and Organization

When the prices of silver and gold and the stocks of the companies mining these metals strengthened in the autumn of 1982, CoCa sold 120,000 shares of Equity Silver Mines Limited to fund the retirement of

Annual
Report

1983

CoCa
Mines
Inc.

B-9

The Company

CoCa Mines Inc. is engaged in the exploration and development of precious metals properties in the United States and Canada. It owns interests in nine properties, five of which contain known reserves of silver and gold. CoCa also owns approximately 12 percent of the common shares of Equity Silver Mines Limited, a British Columbia corporation, which operates a silver-gold-copper mine in central British Columbia.

The President's Letter

The principal properties of CoCa Mines Inc. are in the development stage. Nonetheless, the Company earned net income in 1983 of $2,614,000 as a consequence of its sale of a minority interest in Candelaria Partners, the operator of an open pit silver-gold mine in Nevada. The financial condition of the Company at year-end was strong and included working capital of $6,775,000.

In 1984 CoCa plans to raise approximately $35 million of additional capital from a public securities offering, the exercise of stock purchase warrants and a commercial bank credit for the primary purpose of developing the Hog Heaven Project in western Montana. Favorable metals and financial markets, together with an uninterrupted construction schedule, will permit commencement of production from the mine late in 1985 at an initial rate of more than 2,000,000 ounces of silver and 3,000 ounces of gold per year. Exploration and development activities will be continued during this period, particularly on the Middle Buttes Project in the Mojave Desert of southern California where drilling to date has indicated a small but high grade reserve of gold ore.

The mining industry is being radically restructured today. Large volume, low grade, capital and energy intensive mines are giving way to smaller volume, cost efficient mines best managed by smaller companies. We believe the people of CoCa have demonstrated their abilities to: identify mineral commodities of the greatest economic potential, acquire prospective properties on advantageous terms, explore and develop mineral reserves and operate mines. It is our objective that CoCa become one of the most important and profitable producers of precious metals.

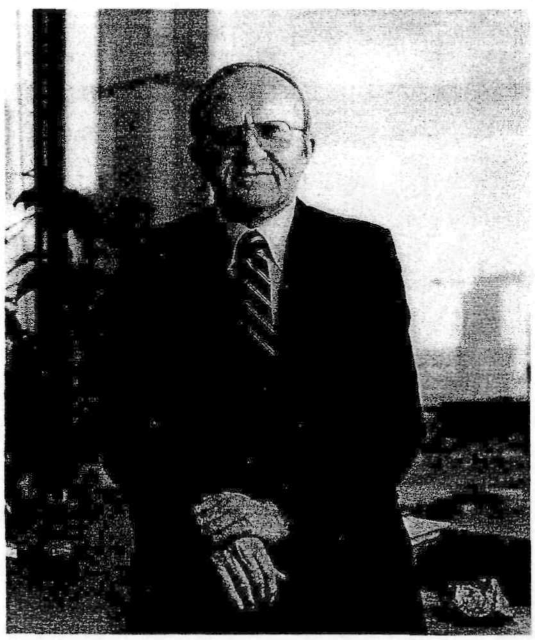
While this is only its second annual report, CoCa's roots go back more than twenty years through the series of Congdon and Carey partnerships and the professional training and experience of all its personnel gained in other companies. Development of a rapidly-growing company is exciting, but its success is based finally upon the hard work of many people. We are appreciative of these efforts.

Very truly yours,

Hugh J. Matheson

March 31, 1984

Hugh J. Matheson, President



Production

Equity Silver Mines Limited

One of the Company's predecessor partnerships participated in the exploration effort which led to the establishment of this company and CoCa's 12.1 percent interest therein. Equity Silver Mines Limited ("ESML") began the operation in 1980 of this largest silver mine in Canada, which is also one of the largest in the western world. ESML earned $5,179,000 on revenues of $71,849,000 in 1983. It produced 4,958,000 ounces of silver, 28,300 ounces of gold and 17,813,000 pounds of copper during the year. Ore milled exceeded 1982 levels but the 2,403,000 tons of ore processed were of significantly lower grade being 2.68 ounces silver, 0.038 ounces gold per ton and 0.48% copper, resulting in lower production. Mining operations have exhausted the initial Southern Tail open pit reserve and have been moved to the Main Zone orebody where lower impurity levels of arsenic and antimony will permit the suspension of leach plant operations and a significant reduction in operating costs. A new precious metals scavenger circuit will improve silver and gold extraction with a projected production average of 5,000,000 ounces of silver and 33,000 ounces of gold per year.

Candelaria Partners

The general partner, Occidental Petroleum Corporation, sold its interest in this partnership to a subsidiary of Pacific Power & Light Company early in 1983. Mining and leaching operations were resumed at the rate of 5,000 tons of ore per day by late spring with the objective of extracting 1,600,000 ounces of silver and 9,000 ounces of gold annually. In October CoCa sold its effective 7.4 percent interest in the cash flow from this operation for $6,700,000. The Company is not normally inclined to sell an interest in a producing mineral property, but the offered price was favorable in view of the 1983 silver market, current operating costs and known ore reserves and exploration data.

Development

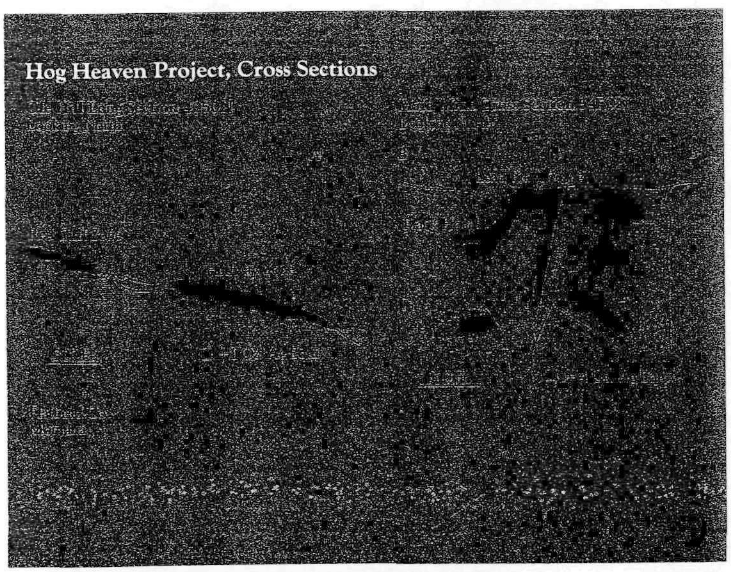
Hog Heaven Mine

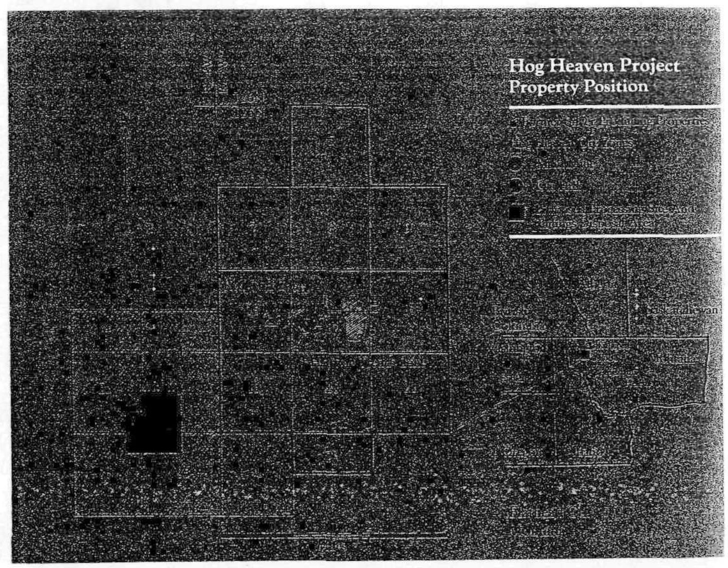
Since regaining operating control of this silver project covering 10½ sections from the Superior Oil Company on May 15, 1982, CoCa and one of its predecessor partnerships have expended $2,243,000 on the evaluation of prior exploration work, completion of an additional 9,800 feet of diamond drilling and 32,200 feet of additional rotary drilling, extensive metallurgical studies on the various silver ore zones, continuation of environmental and infrastructure studies—all in order to complete an economic feasibility study before the end of 1983. The total 166,000 feet of drilling and the mapping of rehabilitated underground workings have defined initial mineable ore reserves of approximately 3,000,000 tons grading 6.93 ounces silver per ton and 0.014 ounces gold per ton. These include an open pit reserve of 1,314,000 tons grading 5.37 ounces silver and 0.014 ounces gold per ton and the first underground reserve to be developed of 623,000 tons grading 11.24 ounces silver and 0.007 ounces gold per ton.

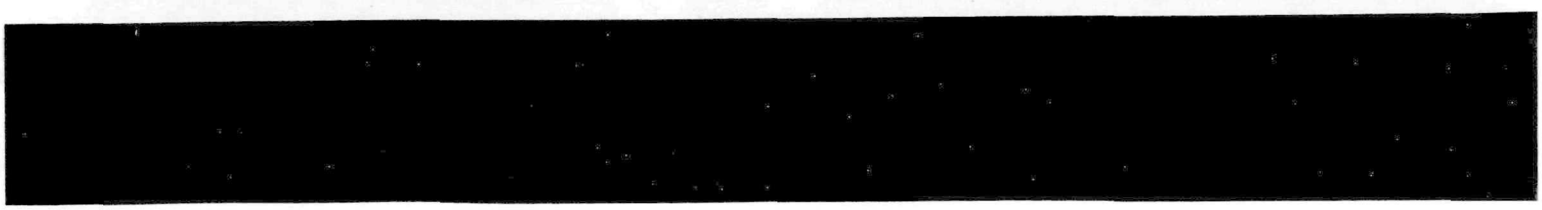
As a result of the metallurgical testwork, CoCa plans to build a 1,000 tons per day concentrator employing a conventional cyanidation circuit to produce silver dore bullion for direct shipment to refineries. During the first three years of operation, plans call for more than 80 percent of mill feed to be produced from the open pit reserves and the balance from underground operations; thereafter the majority of mill feed will be produced from underground reserves and the balance from low grade open pit stockpiles. Preliminary designs of all surface facilities, open pit development, conceptual underground development and the silver processing and extraction flowsheet are complete.

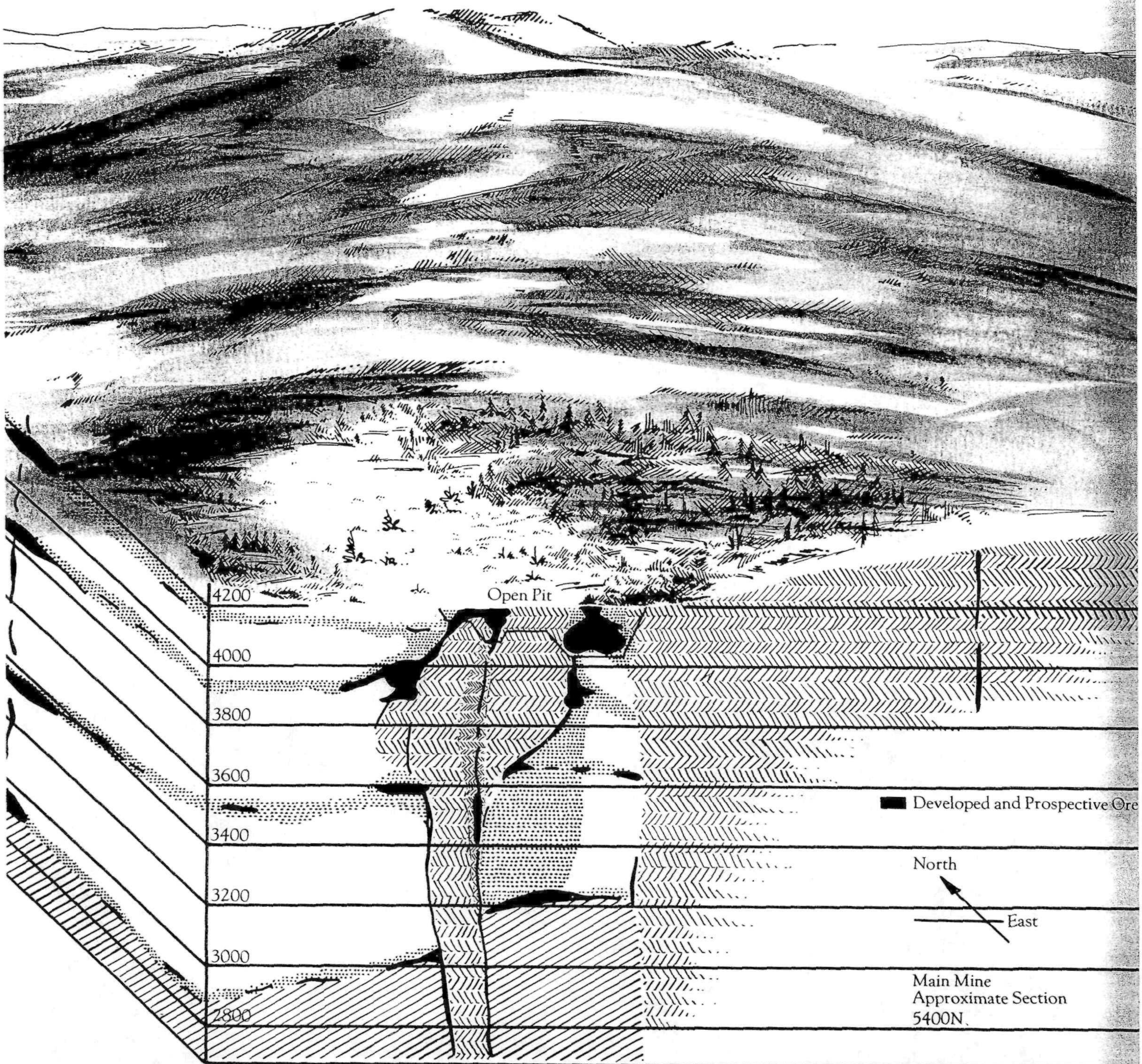
The Company and its predecessors carried out extensive environmental studies over the last seven years and have cooperated with all local, state and federal agencies in this regard. Numerous meetings with the public and interested members of local governments have been held. The Company anticipates it will very shortly receive a final environmental review and the issuance of appropriate operating permits from the State of Montana.

On December 5, 1983 the Company purchased all of Anaconda's fee simple mineral interest (excluding hydrocarbons) and surface use rights in 6½ sections of land where almost all proven ore reserves have been developed to date. The balance of four sections of mineral rights are leased from the Burlington Northern Railroad Company and the State of Montana.


Hog Heaven Project, Cross Sections


Hog Heaven Project Property Position




4200
Open Pit
4000
3800
3600
3400
3200
3000
2800
Developed and Prospective Ore
North
East
Main Mine
Approximate Section
5400N.

Exploration

Middle Buttes Project

Since taking over the operation of this project from Messrs. Congdon and Carey on January 1, 1983, CoCa has expended an additional $337,000 in behalf of Middle Buttes Partners, Ltd. in drilling to determine the presence of both high grade and lower grade gold and silver mineralization on 1,500 acres in Kern County, California. The Company engaged W.G. Stevenson & Associates of Vancouver, British Columbia to prepare an estimate and evaluation of reserves. These consultants concluded that mineable ore reserves are 77,300 tons of drill indicated ore and 168,500 tons of drill inferred ore containing a gold equivalent of 0.78 ounces gold per ton in three ore zones. The Company intends to continue exploring these and seven other mineralized zones with additional drilling. The largest zone, with mineralization along 2,300 feet of strike length, is presently estimated to contain 3,700,00 tons of ore with a grade of 0.03 ounces gold and 1.2 ounces silver per ton amenable to open pit mining. Development of the Middle Buttes Project will continue in 1984 with the objective of completing a feasibility study by the end of 1985 which will indicate that an underground mining operation and flotation mill with cyanidation circuit will be profitable.

Round Mountain Project

The Company will maintain a modest exploration program on this property near Silver Cliff, Colorado. Two targets are currently being evaluated. The larger of these is a silver-bearing manganiferous ore body with an inferred reserve of 4 to 7 million tons with a silver grade of 2.7 ounces per ton at a 1 ounce per ton cutoff. The zone is accessible by open pit mining methods at a low strip ratio, but metallurgical recoveries achieved to date are poor. A second zone consists of silver-bearing galena and sphalerite veins with an inferred ore reserve of 1,340,000 tons with a silver equivalent grade of 5.74 ounces per ton at a 1 ounce per ton cutoff. This orebody would have to be mined by both open pit and underground methods. No metallurgical testwork has yet been undertaken on this zone.

Gilt Edge Project

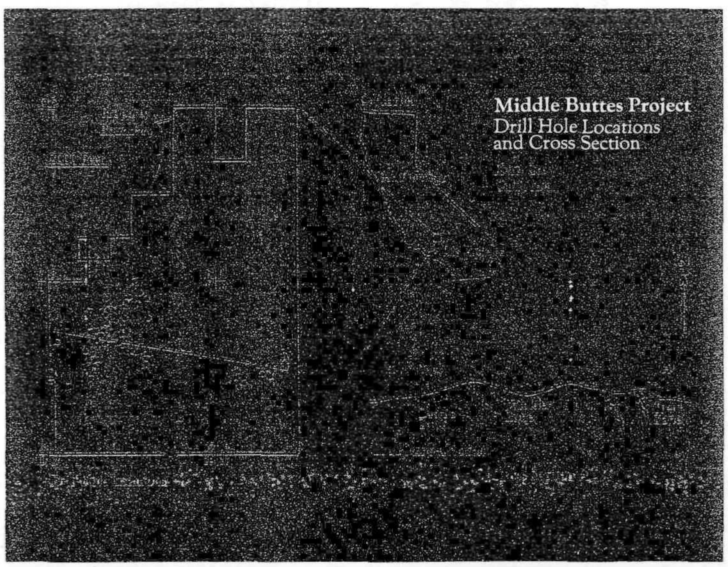
CoCa owns a 20 percent interest in a joint venture with a major oil company that has completed 52,000 feet of drilling on this property in Lawrence County, South Dakota in an effort to define a large low grade gold deposit of significant size. The joint venture has granted Lacana Mining, Inc. an option to earn the working interest in the property, subject to substantial work commitments and the payment of a 7½ percent production royalty to the joint venture.

Jerome Project

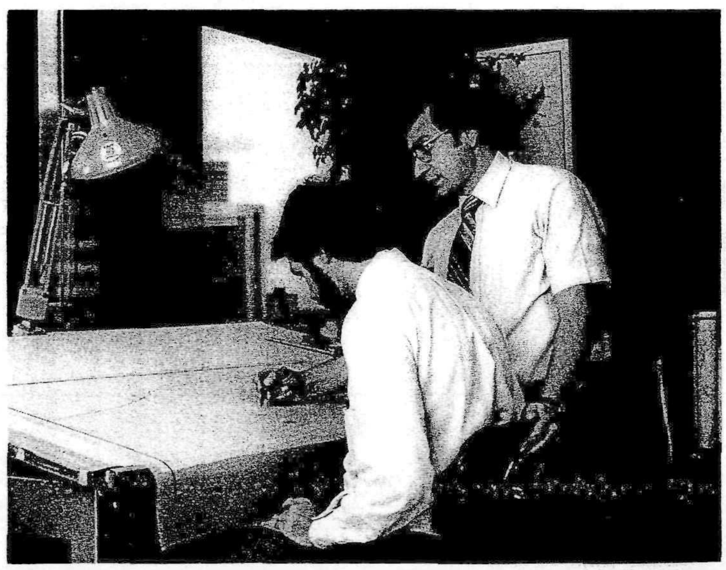
The Company holds under lease approximately 1,800 acres of mineral and surface rights in this northeastern Arizona mining district whose past operations included those of the United Verde and Verde Extension Mines, two of the highest grade copper-gold-silver-zinc producers in the mining history of this country. CoCa has carried out detailed geophysical studies and a recompilation of underground data from old mine workings and earlier drilling activity. Our objective is the discovery of additional ore similar to the large tonnage massive sulfide deposits previously mined.

Luning Project

CoCa continues a modest exploration program, including drilling, on this potential low grade gold target in Mineral County, Nevada. The Santa Fe Mining District has seen sporadic production of silver, copper and gold since 1879. Other mining companies have recently been active in the district and one is reported to have delineated a large low grade gold reserve on a property contiguous to that of the Company.



Middle Buttes Project
Drill Hole Locations and Cross Section

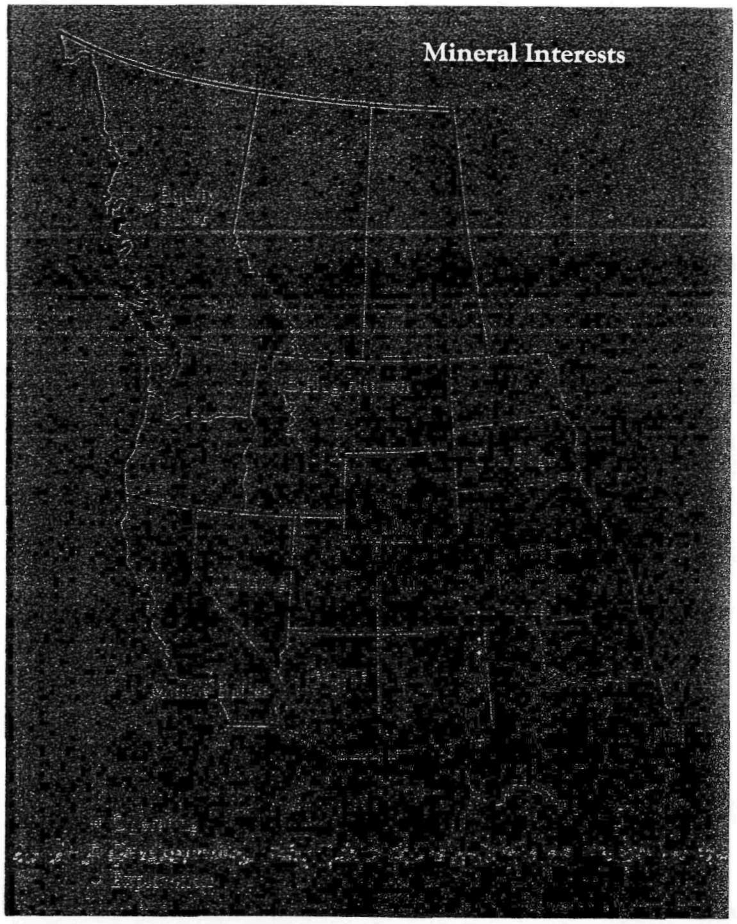


Financial Condition

At the beginning of 1983, CoCa Mines Inc. completed the sale of 215,810 shares of preferred stock convertible to 1,186,955 shares of common stock and warrants to purchase 890,216 shares of common stock at $3.636 per share for a total consideration of $4,316,000.

In December 1983, the Company sold 495,000 shares of common stock in a private placement to International Investors Incorporated at a price of $6.545 per share, or a total consideration of $3,240,000. The purchaser is a publicly-held investment corporation which primarily holds the common stocks of precious metals mining companies; its investment portfolio has a current market value of approximately $900,000,000.

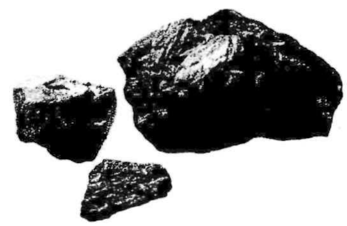
CoCa plans a public offering of common stock to raise a minimum of $10,000,000 net to the Company. The common stock has been split 5½ for one, effective this date. Exercise of the common stock purchase warrants for a further cash consideration of $3,240,000 to the Company and conversion of most of the outstanding convertible preferred stock is anticipated concurrent with the offering of common stock to the public. A revolving loan of $22,000,000, convertible to a term loan, has been negotiated with a major commercial bank, contingent upon the sale of new common stock.



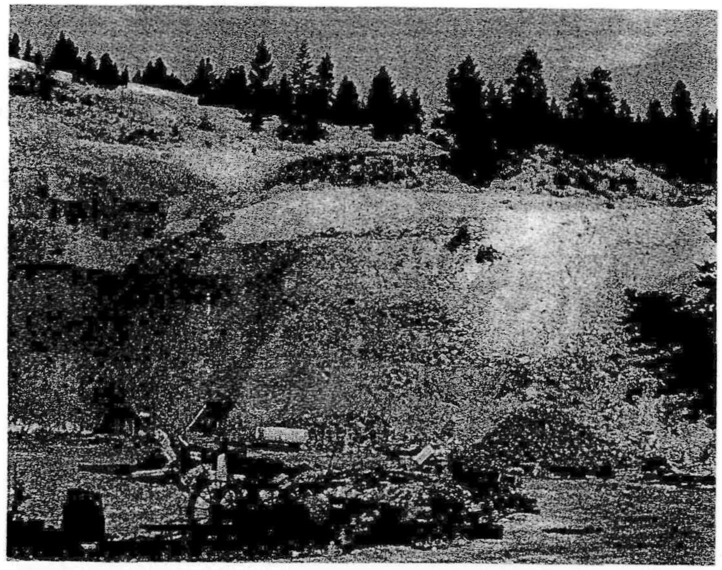
The Silver Industry

The fortunes of this Company will always be directly related to the market prices of silver and gold. Of course, these fluctuate widely and continue to surprise the most confident of forecasters. The price of silver particularly is affected by many factors, including industrial supply and demand, speculation, interest rates, relative currency values, other commodity markets and the anticipation of inflation. During 1983, a relatively calm year in the silver market, the metal averaged $11.45 per ounce but touched a high of $14.67 and a low of $8.37 per ounce.

More than one-quarter of world's silver production is a by-product of copper, lead or zinc production and these silver production costs are covered by revenue from the other metals. Approximately half the world's silver production capacity requires a price in excess of $5.00 per ounce while the third quartile of capacity now requires $10.00 per ounce to cover its cash operating expenses. The most costly quarter of world silver production capacity requires substantially higher prices for break-even operations.



It is the objective of CoCa to produce precious metals at costs approximating the industry median in order to avoid the risk and hardship of the marginal producer.



CoCa Mines Inc.
Balance Sheets
(U.S. Dollars)

December 31, 1983 and 1982

	1982
Assets	
Current assets:	
Cash and cash equivalents	$ 48,470
Accounts receivable (Note 12)	146,106
Receivable from sale of preferred shares	4,316,200
Prepaid expenses and deposits	
Total current assets	4,510,776
Notes receivable, officers	64,468
Marketable securities, at cost (Market value approximately $32,000,000 at December 31, 1983) (Note 3)	1,672,402
Investment in Candelaria Partners (Note 6)	621,402
Mineral properties (Note 7)	1,673,575
Other property and equipment, net of accumulated depreciation of $60,889 and $64,556, respectively	129,109
	$8,671,732
Liabilities and Shareholders' Equity	
Current liabilities:	
Accounts payable and accrued expenses	$ 215,065
Income taxes payable	67,000
Notes payable (Note 5)	
Total current liabilities	282,065
Notes payable (Note 5)	1,094,321
Income taxes payable, long term (Note 8)	
Deferred income taxes (Note 8)	
	1,376,386
Commitments and contingencies (Notes 13, 14 and 15)	
Shareholders' equity (Notes 9, 10, 12 and 15):	
Convertible redeemable preferred shares, $20 par value, Authorized: 225,000 shares, Shares issued and outstanding: 215,810 in 1983 and 1982	4,316,200
Common shares, $0.01 par value, Authorized: 20,000,000 shares, Shares issued and outstanding: 7,856,541 in 1983, 7,361,541 in 1982	73,615
Additional paid-in capital	3,323,721
Retained earnings (deficit)	(418,190)
	7,295,346
	$8,671,732

The accompanying notes are an integral part of these financial statements.

CoCa Mines Inc.
Statement of Operations
(U.S. Dollars)

For the Years Ended December 31, 1983, 1982 and 1981
and the Three Months Ended December 31, 1980

	1982	1981	1980
Revenues:			
Gain on sale of partnership interest (Note 6)			
Gain on sale of marketable securities	$1,874,600		
Interest income			
Other income	9,894	$ 16,847	
	1,884,494	16,847	
Costs and expenses:			
Exploration	428,653	471,598	$ 64,396
General and administrative	486,270	828,332	158,596
Less recovery of costs (Note 11)		(600,000)	
Interest	254,167	160,519	
	1,169,090	860,449	222,992
Income (loss) before income taxes and extraordinary credit	715,404	(843,602)	(222,992)
Income taxes (Note 8):			
Current provision	347,000		
Deferred			
	347,000		
Income (loss) before extraordinary credit	368,404	(843,602)	(222,992)
Extraordinary credit, income tax benefit from utilization of net operating loss carryforward	280,000		
Net income (loss)	$ 648,404	$(843,602)	$(222,992)
Earnings (loss) per common share and common share equivalent (Note 15):			
Before extraordinary credit	$ .05	$ (.11)	$ (.03)
Extraordinary credit	$ .04		
Net earnings (loss)	$ .09	$ (.11)	$ (.03)

The accompanying notes are an integral part of these financial statements.

CoCa Mines Inc.
Statements of Changes in Shareholders' Equity
(U.S. Dollars)

For the Years Ended December 31, 1983, 1982 and 1981
and the Three Months Ended December 31, 1980

	Preferred Shares		Common Shares		Additional Paid in Capital	Retained Earnings (Deficit)
	Shares	Amount	Shares	Amount		
Issuance of shares at formation of Coca Mines Inc., a Delaware corporation			20			
Issuance of shares at formation to partners of C&C4 (Note 1)			987,149	$ 9,872	$ 10,000	
Issuance of shares under 5½ for 1 stock split (Note 15)			4,442,261	44,422	(44,422)	
Issuance of shares for marketable securities			117,106	1,171	1,232,829	
Net loss for period						$ (222,992)
Loss of partnership funded by partner contributions (Note 1)					65,178	
Balances, December 31, 1980	—	—	5,546,536	55,465	1,263,585	(222,992)
Net loss for 1981						(843,602)
Loss of partnership funded by partner contributions (Note 1)					217,825	
Balances, December 31, 1981	—	—	5,546,536	55,465	1,481,410	(1,066,594)
Issuance of shares at formation of CoCa Mines Inc., a Colorado corporation			5			
Issuance of shares to partners of C&C5 (Note 1)			1,815,000	18,150	1,651,945	
Issuance of Convertible Preferred Shares	215,810	$4,316,200				
Net income for 1982						648,404
Loss of partnership funded by partner contributions (Note 1)					190,366	
Balances, December 31, 1982	215,810	4,316,200	7,361,541	73,615	3,323,721	(418,190)
Issuance of shares through private placement			495,000	4,950	3,235,050	
Net income for 1983						2,613,824
Balances, December 31, 1983	215,810	$4,316,200	7,856,541	$78,565	$6,558,771	$ 2,195,634

The accompanying notes are an integral part of these financial statements.

CoCa Mines Inc.
Statements of Changes in Financial Position
(U.S. Dollars)

For the Years Ended December 31, 1983, 1982 and 1981
and the Three Months Ended December 31, 1980

	1982	1981	1980
Sources of working capital:			
Income (loss) before extraordinary credit	$ 368,404	$ (843,602)	$ (222,992)
Add items not affecting working capital			
Depreciation	32,905	19,644	2,306
Income taxes payable, long term			
Deferred income taxes, long term			
Working capital provided from (used in) operations before extraordinary credit	401,309	(823,958)	(220,686)
Extraordinary credit	280,000		
Working capital provided from (used in) operations	681,309	(823,958)	(220,686)
Preferred shares issued	4,316,200		
Common shares issued	1,670,095		1,253,872
Issuance of notes payable			1,094,321
Loss from partnership funded by capital contributions	190,366	217,825	65,178
Book value of marketable securities sold	200,400		
Decrease in notes receivable	5,771	5,946	
Distribution from partnership		46,254	
Book value of partnership interest sold			
	7,064,141	(553,933)	2,192,685
Uses of working capital:			
Net assets acquired from partnerships (non-current)	1,657,575		1,372,244
Purchase of marketable securities			1,234,000
Additions to other property and equipment, net	43,105	75,073	
Investment in claims and leases		16,000	
Mine development costs			
Reduction in long term notes payable			
Increase in notes receivable		27,785	48,400
	1,700,680	118,858	2,654,644
Increase (decrease) in working capital	$5,363,461	$ (672,791)	$ (461,959)
Changes in components of working capital			
Increase (decrease) in current assets:			
Cash and cash equivalents	$ 37,983	$ 9,148	$ 1,339
Accounts receivable	(527,677)	658,468	15,315
Receivable from sale of preferred shares	4,316,200		
Other			
	3,826,506	667,616	16,654
Decrease (increase) in current liabilities:			
Accounts payable and accrued liabilities	(100,554)	64,102	(178,613)
Note payable—bank	1,704,509	(1,404,509)	(300,000)
Notes payable			
Income taxes payable	(67,000)		
	1,536,955	(1,340,407)	(478,613)
Increase (decrease) in working capital	$5,363,461	$ (672,791)	$ (461,959)

The accompanying notes are an integral part of these financial statements.

1 Organization

CoCa Mines Inc., a Delaware corporation ("CoCa-Delaware"), commenced business as of October 1, 1980 by the acquisition of substantially all of the net assets of Congdon and Carey, Ltd. No. 4 ("C&C4"), a predecessor partnership. Effective December 31, 1982, CoCa Mines Inc., a Colorado corporation (the "Company"), acquired all of the assets and undertakings and assumed all of the liabilities of CoCa-Delaware and issued to the shareholders of CoCa-Delaware 5,546,536 of the Company's shares.

Also effective December 31, 1982, the Company issued 1,815,000 of its common shares to the partners of Congdon and Carey, Ltd. 5 ("C&C5") in exchange for their interests in that limited partnership's net assets (principally capitalized acquisition and exploration costs of mining claims and leases), which acquisition has been accounted for similar to a pooling of interests because the entities were under common control. The losses of C&C5 for 1980, 1981 and 1982 funded by partners' capital contributions have been credited to additional paid-in capital.

2 Summary of Significant Accounting Policies

(a) Mineral properties. The cost of acquiring mining claims and option payments and expenditures of like nature made under license and option to purchase agreements are capitalized. Exploration costs are charged against earnings as incurred. When a commercial orebody is discovered, the related exploration costs previously charged against earnings are credited to earnings and capitalized. Capitalized acquisition, exploration and development costs will be depleted over the estimated life of the orebody on a unit of production basis.

(b) Other property and equipment are carried at cost. Depreciation is provided principally using the declining balance methods over the useful lives of the assets, principally five years.

(c) Income taxes. Deferred taxes are provided for the tax effect of timing differences. Investment tax credits are recognized in the period utilized.

(d) Earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common and common equivalent shares outstanding. Common equivalent shares include shares issuable upon assumed conversion of preferred shares and exercise of warrants and dilutive stock options following the treasury stock method using the average price of the Company's common shares during each year. Shares used to determine earnings (loss) per share were 8,843,722 for 1983 and 7,361,541 for 1982, 1981 and 1980. See Note 15.

3 Marketable Securities

Marketable securities are 3,003,435 shares of Equity Silver Mines Limited ("ESML") common stock, representing approximately 12% of the outstanding common stock at December 31, 1983. As collateral for the redemption of 200,000 preferred shares of the Company, 3,000,000 shares of ESML are pledged.

4 Production Payments

The Company assumed from C&C5 the liability for a production payment to the former operator of the Hog Heaven project in the amount of $2,650,000. In addition, C&C5 retained a production payment of approximately $1,315,000, payable from the same project, after the former operator's production payment obligation is paid in full. C&C5 also retained a production payment of approximately $721,000 from the Gilt Edge project. The production payments retained by C&C5 were subsequently distributed to the former limited partners of such partnership upon its dissolution.

The respective production payments will be payable without interest from 10% of the Company's net cash revenues from the specific projects. Net cash revenues are gross revenues less all costs and expenses and less the Company's unrecovered capital expenditures for such projects, together with interest thereon at 2% per annum over the prime rate from time to time of a Colorado bank. The amount of production payment a former partner in C&C5 is to receive is in proportion to such partner's interest as a limited partner in C&C5.

Approximately $85,000 of the total production payments to the former partners of C&C5 is payable to the Chairman and Vice Chairman of the Board of Directors.

5 Notes Payable

Notes given in connection with the acquisition of the net assets of C&C4 are payable to the former partners of C&C4, are without interest and are due on or before September 30, 1985, except as noted below. The notes are payable earlier out of and to the extent of one-half of the Company's cash flow in excess of $1,000,000 annually. Dividends may not be paid on the common shares while the promissory notes remain outstanding. No payments of principal will be made on the promissory notes while any of the convertible preferred shares remain outstanding. See Note 15.

Approximately $553,000 of the notes are payable to the Chairman of the Board of Directors, a trust for the benefit of his wife and children, and to the Vice Chairman of the Board of Directors.

6 Sale of Partnership Interest

In October 1983, the Company sold its interest in Candelaria Partners, a Colorado limited partnership, effective January 1, 1983, for $6,700,000 cash. The Company had accounted for its investment on the cost basis. See Note 14.

7 Mineral Properties

At December 31, mineral properties comprise:

	1983	1982
Lease acquisition and exploration costs	$4,680,856	$1,673,575
Development costs	1,859,988	
	$6,540,844	$1,673,575

8 Income Taxes

The Company's operations are in the United States. The effective income tax rates for the years ended December 31, 1983 and 1982 are reconciled to the U.S. statutory corporate tax rate as follows:

	1983	1982
Federal corporate income tax rate	46%	46%
Expenses charged to income not deductible for tax purposes		12
Effect of investment tax credit	(1)	(3)
Other, net	2	(6)
Effective corporate income tax rate	47%	49%

Approximately $1,658,000 of mineral properties has no tax basis to the Company. Future amortization of the costs will not be deductible for income tax purposes and will increase the Company's effective income tax rate for financial reporting purposes.

As allowed under the Internal Revenue Code the Company has elected to defer the payment of its 1983 Federal income taxes to March 15, 1985 or later. This election is allowable because the Company expects to incur net operating losses in 1984 that will be carried back and result in full offset against the 1983 Federal income taxes otherwise payable. In accordance with this election, the Federal income taxes payable at December 31, 1983 of approximately $1,349,000 have been classified as a long term obligation.

Deferred income tax expense for 1983 includes approximately $673,000 related to timing differences between book and tax treatment of mine exploration and development costs.

9 Convertible Redeemable Preferred Shares and Related Warrants

The preferred shares are voting and provide for cumulative dividends at the annual rate of $1.60 per share. Cumulative unpaid dividends at December 31, 1983 are $1.47 per share (aggregating approximately $317,000). Each preferred share is convertible into 5½ common shares at any time up to December 31, 1986. Any preferred shares not converted by that date must be redeemed at their original issue price of $20 per share. Beginning January 1, 1984, the Company may redeem the preferred shares at $20 per share. Such redemption requires 45 days notice during which period the preferred shares may be converted by the holders. See Note 15.

Warrants to purchase 890,216 of the Company's common shares are outstanding at December 31, 1983. The warrants are exercisable at $3.636 per share only in conjunction with the conversion of the preferred shares. See Note 15.

A related party holds 200,000 of the preferred shares and a warrant for 825,000 of the common shares. See Note 12.

10 Stock Options

The Company has an incentive stock option plan under which options to purchase 275,000 common shares may be granted to officers and employees at the fair market value of the Company's common shares at the date of grant and under terms determined by the Board of Directors at the time of grant. Options under the plan expire ten years after the date of grant. At December 31, 1983, there remained 88,748 unoptioned shares available for grant. At December 31, 1983, 77,968 options were exercisable at $3.636. Of the non-exercisable options outstanding at December 31, 1983, 62,084 become exercisable in 1984 (38,984 at $3.636 and 23,100 at $6.545), 23,100 become exercisable in 1985 at $6.545 and 23,100 become exercisable in 1986 at $6.545.

In addition to the options granted under the above plan, the president received a grant to purchase 33,000 common shares at $3.636 which do not qualify as incentive stock options under the Internal Revenue code. These options are exercisable currently and expire in 1993.

Six directors each received options to purchase 8,250 common shares at $6.545 per share exercisable from December 6, 1983 and expiring five years from that date.

No options have been exercised to date. The Company makes no charges to operations in connection with these options. See Note 15.

11 Recovery of Costs

The Company agreed in March 1982 to terminate a claim in litigation and received reimbursements for costs incurred in 1980 and 1981 in connection with the litigation.

12 Related Parties

The Chairman of the Board of Directors and major shareholder of the Company is also President and Chief Executive Officer of St. Mary Parish Land Company ("St. Mary"). At December 31, 1983, St. Mary owned approximately 1% of the common shares of the Company, 200,000 preferred shares and a warrant for 825,000 common shares. If the preferred shares had been converted to common shares and the warrants had been exercised, St. Mary would have owned approximately 20% of the common shares which would have been outstanding at December 31, 1983.

The Company reimburses St. Mary for costs incurred on the Company's behalf. Payments amounted to approximately $281,000 in 1983, $182,000 in 1982, $207,000 in 1981 and $4,000 in 1980.

The Chairman and Vice Chairman receive annual consulting fees of $60,000 and $50,000, respectively, for services rendered to the Company. Also see Notes 4 and 5.

Approximately $117,000 of the accounts receivable at December 31, 1983 is due from partnerships in which the Chairman and Vice Chairman are general partners.

13 Commitments

The following is a schedule for the next five years of future minimum rental payments and property holding costs required to maintain lease, exploration or partnership agreements as of December 31, 1983:

Years Ending December 31:	
1984	$481,300
1985	379,900
1986	283,200
1987	753,400
1988	411,300

14 Contingencies

In 1983, the Company sold its interest in the Candelaria Partners limited partnership to the general partner subject to a clause which requires the Company to indemnify the general partner for specific possible litigation losses. The litigation arose out of a royalty interest owner's claim that it is entitled to a larger net smelter return royalty than it has been paid. The royalty owner has sued for back revenues and a larger share of future revenues.

In the opinion of management and its legal counsel, the possibility of a material contingency existing is remote. In the unlikely event of an unfavorable decision in the litigation, the Company's maximum potential exposure would not be material to the Company's financial position or results of operations. No provision for such liability has been made in the financial statements.

15 Subsequent Events

Subsequent to December 31, 1983, a letter of intent was signed pursuant to which the Company will make an initial public offering of its common shares for sale in Canada. A definitive underwriting agreement will be signed at the time the offering becomes effective. Terms of the underwriting, including the number of shares to be offered and offering price, have yet to be determined.

In connection with the proposed public offering, the Company effected a 5½ for one stock split in March 1984. All share amounts subsequent to the formation of CoCa-Delaware and all per share amounts have been restated to reflect the stock split. The par value of the common shares has not been changed and accordingly the restatement of the share amounts is accompanied by a restatement of amounts previously allocated to additional paid-in capital. The exchange ratios and related exercise prices for the convertible preferred shares, warrants and stock options have also been adjusted accordingly.

Concurrent with the proposed public offering, the preferred shares will be either redeemed or converted into common shares and the warrants will be either cancelled or exercised (see Note 9) and the notes payable (see Note 5) will be paid by the Company out of its general funds. Accordingly the preferred shares are included in shareholders' equity. The redemption or conversion of preferred shares will not be effective if, for some reason, the offering does not occur, nor will the notes be paid.

To the Directors,
CoCa Mines Inc.:

We have examined the balance sheets of CoCa Mines Inc. as of December 31, 1983 and 1982 and the related statements of operations, changes in stockholders' equity and changes in financial position for the years ended December 31, 1983, 1982 and 1981 and the three months ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of CoCa Mines Inc. as of December 31, 1983 and 1982, and the results of its operations and changes in its financial position for the years ended December 31, 1983, 1982 and 1981 and the three months ended December 31, 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

COOPERS & LYBRAND
Denver, Colorado, U.S.A.
February 17, 1984, except for Note 15,
as to which the date is March 22, 1984

Directors

P.T. Bee
Dallas, Texas
Corporate Director and Trustee

Robert G. Boucher
Denver, Colorado
Chairman, President and
Chief Executive Officer,
IntraWest Financial Corporation

William J. Carey
Dallas, Texas
Chairman of the Board,
Empire Manufacturing Company

Roger C. Cohen
Denver, Colorado
Attorney at Law,
Cohen Brame & Smith, P.C.

Thomas E. Congdon
Denver, Colorado
President,
St. Mary Parish Land Company

Hugh J. Matheson
Denver, Colorado
President,
CoCa Mines Inc.

James C. O'Rourke
Vancouver, British Columbia
President,
Brinco Mining Limited

Officers

Thomas E. Congdon
Chairman of the Board of Directors

William J. Carey
Vice Chairman
of the Board of Directors

Hugh J. Matheson
President and
Chief Executive Officer

J. Christopher Mitchell
Vice President and Secretary

Robert A. Rivera
Vice President—Exploration

Gordon L. Steele
Manager—Hog Heaven Mine

Leigh W. Freeman
Manager—Project Development

Jerry E. Julian
Treasurer

Mark A. Lathrop
Controller

Rebecca D. Zupan
Assistant Secretary

Executive Office

910 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203
(303) 861-5400

Consulting Geologist

Dolf W. Fieldman
Palo Alto, California

Auditors

Coopers & Lybrand
Denver, Colorado

CoCa Mines Inc.
910 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203

ANNUAL REPORT 1984

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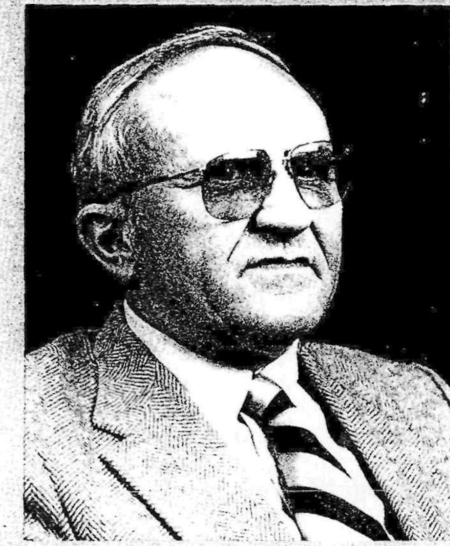
B-10

The Company

CoCa Mines Inc. is engaged in the exploration and development of precious metals properties in the United States and Canada. It owns interests in seven properties, five of which contain known reserves of silver and gold. CoCa also owns approximately twelve percent of the common shares of Equity Silver Mines Limited, a British Columbia corporation, which operates a large silver-gold-copper mine in central British Columbia.



[redacted]esident's Letter

[redacted] miners, farmers and manufacturers competing in worldwide markets to sell [redacted]ties and non-proprietary goods have suffered deeply in recent years. Com-[redacted]rices, including those of precious metals, have sunk to extraordinary lows because of the relative strength of the U.S. dollar and the readiness of state-owned mining enterprises in some of the lesser developed countries to sell metals at less than cost in order to maintain employment and gain foreign exchange. CoCa Mines cannot control—or even forecast—silver and gold prices. We can only strive to develop low-cost production. Accordingly, we are turning our attention, personnel and capital to the development of a small, but very high grade, gold orebody in southern California where we believe CoCa can produce gold at a cost substantially below today's depressed price.

The Company lost $611,000 in 1984. The only revenue received was interest earned on working capital; administrative and exploration expenses exceeded revenue. Some would say we are fortunate that most of CoCa's properties are still under development and not yet in operation. Working capital declined from $6,775,000 at the beginning of 1984 to $3,034,000 at year-end.

CoCa completed the feasibility study of the Hog Heaven Project in western Montana and obtained all environmental permits necessary for development. But the collapse of the silver price by mid-year forestalled our public securities offering, and the project has been shelved.

In 1985 CoCa plans to begin development of the Middle Buttes Gold Project in Kern County, California. Continued exploration has been very successful. Some 52 intercepts, each of five feet thickness, encountered in twenty drill holes, average more than one ounce gold per ton of ore. A modest commercial bank credit and the Company's remaining working capital will suffice to build a small open pit mine and plant of 100 tons per day capacity. Operating costs for the initial high grade ore reserve are expected to be less than $200 per ounce of gold produced. The final decision to develop this property must await favorable environmental permitting which can occur no sooner than late September.

The mining industry of the United States has probably been affected permanently by increased competition from overseas. As noted by many observers, ours is no longer an insular and self-sufficient national economy; today we are part of an interdependent global economy. All the more reason, then, to reiterate CoCa's objective of developing *low-cost* precious metals mines.

Very truly yours,

Hugh J. Matheson

Hugh J. Matheson
President

April 18, 1985

[redacted]lver Mines Limited

[redacted]pany owns approximately 12 percent of the issued common stock of Equity [redacted]es Limited ("ESML") whose shares trade on the Toronto and Vancouver [redacted]hanges. ESML owns and operates one of the world's largest open pit silver mines in central British Columbia. Production in 1984 was 4,624,000 ounces of silver, 23,800 ounces of gold and 19,882,000 pounds of copper. Sales volume in 1984 was 17% higher than 1983 levels, but lower metals prices more than offset the increased physical volume.

A loss of $4,758,000 (Cdn) was incurred on revenues of $70,615,000 (Cdn) for the year ended December 31, 1984. Cash flow from operations before capital expenditures, bank loan repayments and interest expense was $27,900,000 (Cdn). Capital expenditures were $12,343,000 (Cdn), primarily for construction of a scavenger circuit to recover additional values in gold and silver by cyanidation of Main Zone ore flotation tailings. This circuit is expected to increase 1985 production levels by approximately 14,000 ounces of gold and 187,000 ounces of silver. Interest expense for 1984 was $14,554,000 (Cdn).

In December, ESML raised net $28,576,000 (Cdn) from a public offering of preferred shares. The issue consisted of 1,540,000 shares at $19.50 (Cdn) per share, each convertible into two common shares until the end of 1989. The proceeds were used to eliminate long-term bank indebtedness of $25,873,000 (Cdn) and to reduce short-term bank loans. Concurrent with the issuance of preferred shares, ESML entered into a silver sale agreement with Placer Development Limited. Some 7,235,000 ounces of silver were sold to Placer for delivery over the next seven to ten years for an immediate consideration of $7.28 (US) per ounce. The proceeds from the silver sale were used to retire ESML's indebtedness to Placer, which at December 21, 1984 was $61,000,000 (Cdn) of principal and accrued interest of $8,414,000 (Cdn).

Together, the preferred share issue and the silver sale to Placer have eliminated all of ESML's long-term debt, leaving the company well-positioned to benefit from an upturn in prices for precious metals and copper.

Middle Buttes Project
Successful exploration has advanced this project to the development stage; gold production is anticipated in early 1986. The property is 1,660 acres of leasehold lands near Lancaster, California. Gold mineralization occurs in several zones. The Company, as general partner of Middle Buttes Partners Ltd., is funding all development expenditures until production is achieved. Following payout of all pre-production expenditures with interest thereon, CoCa will be entitled to a 77½ percent participation in cash flow from the project. Expenditures in 1984 amounted to $662,000.

Over a five-year period commencing in the late 1930's, approximately 230,000 tons of ore with an average grade of 0.38 ounces gold per ton and 11.2 ounces silver per ton were mined from the property, primarily by underground mining methods. A 125 tons per day flotation mill processed this ore; overall metallurgical recoveries for gold and silver were 97 percent and 93 percent, respectively. Historical production at today's metal prices would have generated in excess of $42,000,000 in revenues.

Independent geological consultants in 1983 concluded that the probable and possible high grade ore reserves are chiefly in three mineralized zones, as follows:

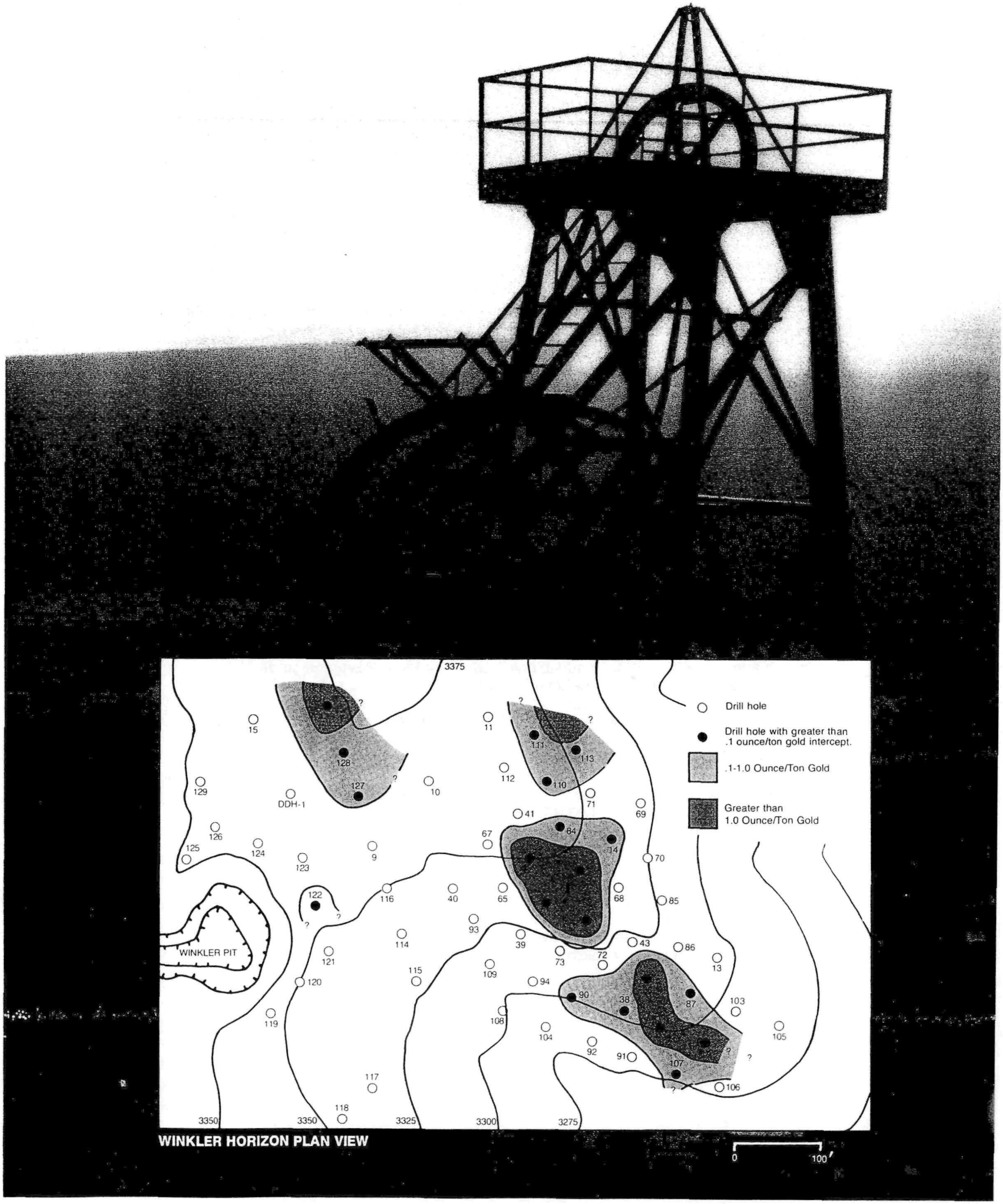
Zone	Tons Probable	Tons Possible	Tons Total	Gold oz./ton	Silver oz./ton
Winkler	15,000	-0-	15,000	1.47	0.0
Cactus South	26,200	78,500	104,700	1.00	2.0
Cactus North	32,700	82,800	115,500	0.59	0.9
Total	73,900	161,300	235,200	0.83	1.3

In 1984 and 1985, the Company completed additional drilling which increased the tonnage of high grade ore in the Winkler Zone to at least 26,000 tons. The impact of the latest drill holes in the Cactus North and South zone ore reserves has not yet been addressed. The Cactus ore zones are generally deeper than the Winkler ore pods and will have to be mined by underground mining methods.

Included in the Winkler zone are 52 drill intercepts in twenty holes each five feet thick which assay in excess of 0.10 ounce gold per ton of ore; the average grade of these is above one ounce gold. The material is relatively close to the surface. The ore pods within this zone appear to be similar to several pods mined in this area in the 1930's. While the individual pods were not large, the ore grades were in excess of 0.75 ounce gold per ton. CoCa's geologists are optimistic that further drilling will reveal additional ore pods similar to those recently developed.

Hazen Research, Inc. of Golden, Colorado has evaluated the metallurgical characteristics of the Winkler ore and reports that over 95 percent of the gold will be recovered by flotation or cyanidation. Hazen Research is also investigating the suitability of lower grade material for heap leaching.

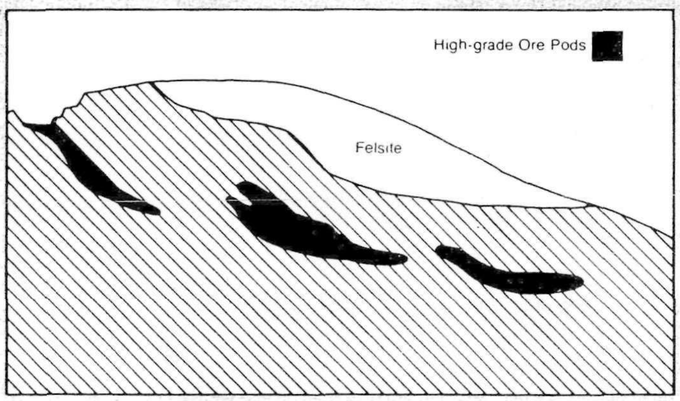
In light of the favorable drilling and metallurgical programs, the Company has initiated environmental investigations and permit applications for small scale mining and milling operations at Middle Buttes. Construction could begin at Middle Buttes in the last quarter of 1985. The long-term objective of developing the large but lower grade gold reserves at the property will also be served by this program.



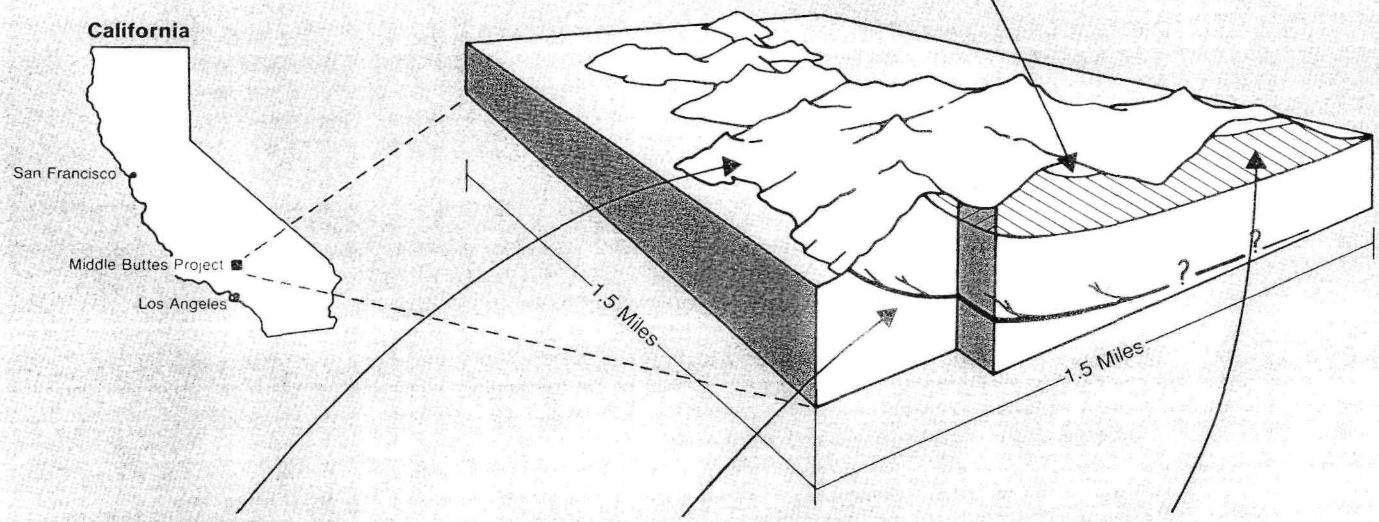
WINKLER HORIZON PLAN VIEW

PARTIAL LIST OF MIDDLE BUTTES DRILL HOLE INTERCEPTS

WINKLER HORIZON HIGH GRADE PODS



Hole No.	Interval	Feet	Gold Assay*
42	100-125	25	1.72
64	95-100	5	6.73
66	95-105	10	5.29
88	125-140	15	1.03
89	90-130	40	1.62
102	105-120	15	0.99
113	95-120	25	0.50
139	180-210	30	0.48



SHUMAKE LOW GRADE

Hole No.	Interval	Feet	Gold Assay*
74	30-170	140	0.03
75	25-235	210	0.03
76	35-120	85	0.05
77	10-65	55	0.02
	85-180	95	0.09
	270-300	30	0.05

CACTUS EXTENSION HIGH GRADE

Hole No.	Interval	Feet	Gold Assay*
17	665-677.5	12.5	0.65
	690-702.5	12.5	0.20
25	970-977.5	7.5	0.22
29	620-625	5.1	0.38
31	670-687.5	17.5	2.72
59	667.5-675	7.5	0.21
	690-695	5	0.24
62	767.5-780	12.5	0.21
	787.5-792.5	5	0.60

ELLA LOW GRADE

Hole No.	Interval	Feet	Gold Assay*
49	140-215	75	0.05
82	40-105	65	0.04
140	40-90	50	0.15
141	15-70	55	0.02

*Assay values are ounces of gold per ton of ore.

[redacted]ven Project
[redacted]Heaven Project is in late-stage development, but construction will be deferred [redacted]silver price improves. Engineering design, which at year end was approx-[redacted] percent complete, has also been deferred. Several of the project's personnel have been temporarily assigned to the Middle Buttes Project.

When a decision is made to proceed, the Company intends to construct a 1,000 tons per day mill employing the cyanidation process to recover silver and gold in the form of dore bullion. Production during the first five years of operation is expected to average in excess of 2,600,000 ounces of silver equivalent annually. Ore reserves are unchanged from those reported in the last annual report, namely 3,000,000 tons grading 6.93 ounces silver per ton and 0.014 ounces gold per ton, of which reserves mineable by open pit methods amount to 1,314,000 tons grading 5.37 ounces silver per ton and 0.014 ounces gold per ton.

Expenditures on the Hog Heaven Project during 1984 were approximately $1,427,000. Major activities were: the purchase of the plantsite and tailings impoundment area; geotechnical evaluations within the processing plant and tailings impoundment areas; preliminary engineering design and construction management activities; environmental studies and permitting negotiations with government agencies.

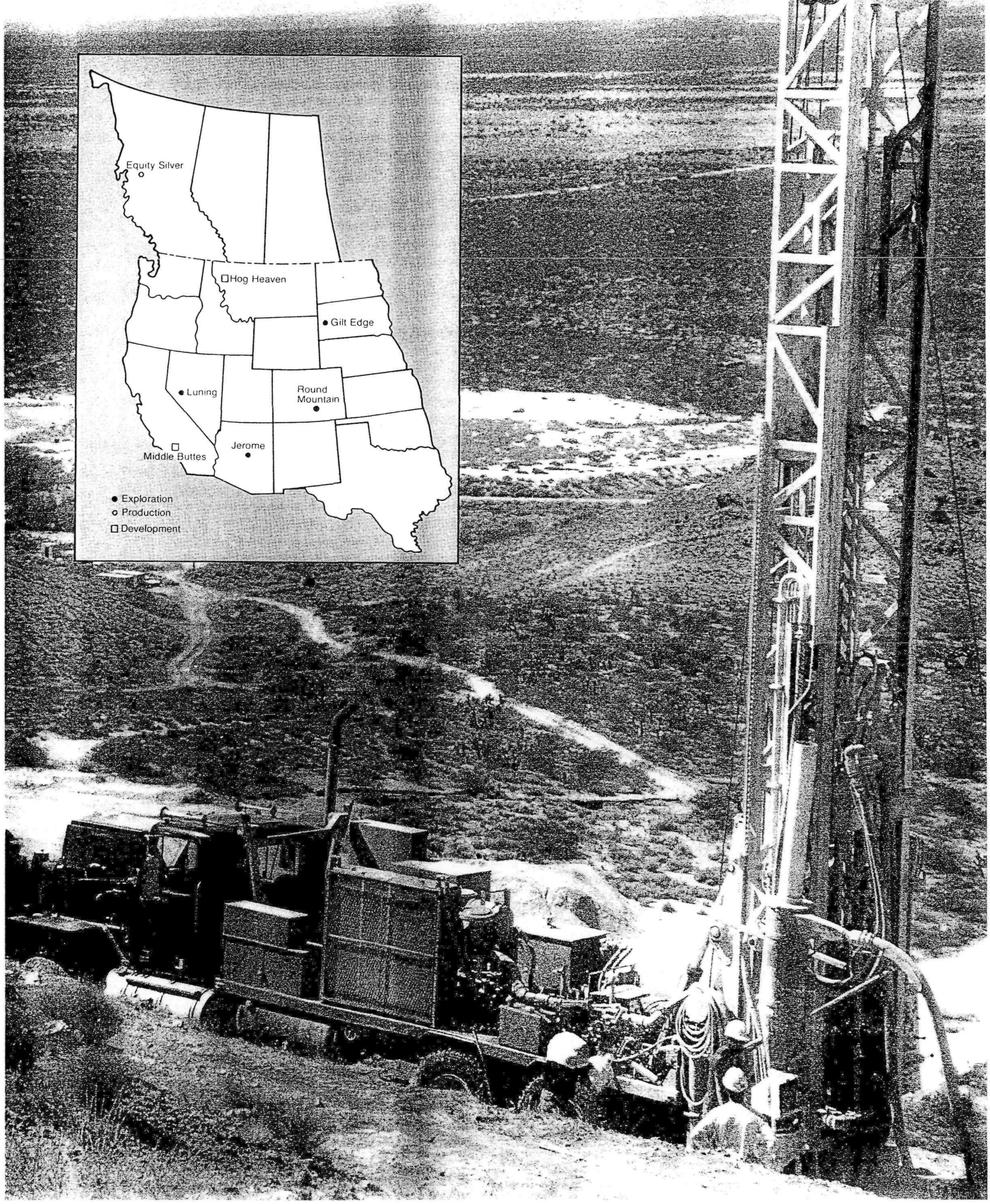
In August 1984 the Montana Department of State Lands issued the permit needed in order for the Company to commence construction and mining activities. The status of this permit is not adversely affected by the construction postponement. Approximately sixteen months will be required to construct the mining/milling complex. It is expected term bank financing will be available to fund two-thirds of the project's estimated capital cost of $33,000,000.

Round Mountain Project
The Company can earn an 80% interest in this silver property by spending, or causing to be spent, the sum of $1,000,000 on exploration, development and property acquisition. The property consists of approximately 2,700 acres of land holdings immediately north of Silver Cliff, Colorado, and 60 miles southwest of Colorado Springs.

CoCa farmed the property out to a Vancouver-based junior mining company effective April 1, 1984. The latter can earn a 51% interest in the project by spending $1,500,000 before March 31, 1989. Expenditures in the first twelve months were about $125,000, chiefly for drilling and property acquisition.

Some 40,000 feet of drilling over the last twenty years has indicated two potential open pits in the southern part of the property, one of which contains 1,300,000 tons of ore grading 3.16 ounces silver per ton of ore. Nearby is a second deposit containing 1,500,000 tons grading 1.74 ounces silver per ton. Neither pit would be viable under current metal prices using conventional metallurgical techniques to extract the silver. Several innovative processes for silver recovery from refractory ores are being considered for further evaluation.

Gilt Edge Project
This gold project in the Black Hills of South Dakota is presently sublet to Lacana Gold, Inc. Lacana is preparing an operating plan and environmental assessment report for submission to the South Dakota government in connection with its proposed mining activities. It is unlikely Lacana will wish to proceed to production until gold prices recover somewhat. Ore reserves are presently estimated at 5,700,000 tons grading 0.057 ounces gold per ton, mineable by open pit mining methods. CoCa has a 20% interest in a joint venture which is entitled to a 7½ percent production royalty payable by Lacana.


Equity Silver
Hog Heaven
Gilt Edge
Luning
Round Mountain
Jerome
Middle Buttes
● Exploration
○ Production
□ Development

[redacted]Project
[redacted]ds under lease approximately 1,800 acres of mineral and surface rights in this [redacted]izona mining district. Two holes were drilled in 1984 to test a geophysical [redacted]near the Verde Extension Mine, but these encountered no economic mineralization. The Company's objective is the discovery of bonanza-grade massive sulfide copper-gold-silver-zinc mineralization similar to the deposits previously mined.

Luning Project
A modest drilling program has served to expand the exploration of this potential low grade gold prospect in western Nevada. Only minimum expenditures were made in 1984 in order to maintain title. The property is contiguous to the Santa Fe Project whose operator reports reserves of 5,600,000 tons at 0.046 ounces gold per ton to a depth of 300 feet.

The Silver and Gold Market
Silver continued to live up to its reputation as "the restless metal," the price ranging in 1984 from a high of $10.04 in the first quarter to a low of $6.26 per ounce on the COMEX in December. Continuing to decline in 1985, the Handy & Harmon spot price touched $5.57 per ounce on March 12.

The dollar price of gold dropped from $383.00 per ounce at the beginning of 1984 to $309.00 at year-end. Yet, the price of gold in most other currencies remains within a few percentage points of the record price attained in 1980.

Supply and demand for gold and silver in the physical markets changed very slightly from year to year. New mine production, particularly in North America, has been stimulated by the high prices of a few years ago. The use of silver in photographic, electrical and electronics products has increased in Japan while remaining relatively flat in other markets. Gold usage in jewelry, particularly in the United States, rose with increased disposable personal incomes. However, the markets for both these precious metals are driven by the markets' perceptions of inflation, political stability, interest rates, etcetera.

Extraordinary operating and trade deficits for the United States lead some analysts to believe inflation may be rekindled in the next year or two. In that event the markets may again perceive silver and gold as the hardest of hard money.

Financial Condition
In 1984 a loss after taxes in the amount of $611,000 was incurred, compared to earnings after taxes in 1983 of $2,614,000. The 1983 earnings were due to the gain realized on the sale of the Company's interest in a Nevada silver mine. Costs and expenses in 1984 were $450,000 greater than in 1983, largely as a result of the attempted public offering of common stock and commitment fees paid on the $22,000,000 term bank loan entered into for the Hog Heaven Project.

CoCa elected not to proceed with its proposed common stock offering at mid-year in view of deteriorating gold and silver prices. The term bank credit facility was cancelled.

Working capital at December 31, 1984 of $3,034,000 will be supplemented by borrowed funds late in 1985 in order to place the Middle Buttes property into production. At a gold price of $300 per ounce this project should pay out all pre-production expenditures of CoCa in 1986. The public offering of CoCa's common stock will continue deferred until market conditions are more favorable.

CoCa Mines Inc.
Consolidated Balance Sheets
December 31, 1984 and 1983

		1984	1983
Assets			
Current assets:			
Cash and cash equivalents		$ 3,175,307	$ 8,153,608
Accounts and interest receivable		181,323	148,498
Prepaid expenses and deposits		59,305	28,891
Refundable income taxes (Note 8)		69,325	
Total current assets		3,485,260	8,330,997
Notes receivable, officers		52,087	58,346
Marketable securities, at cost (market value approximately $15,600,000 at December 31, 1984) (Note 2)		1,672,402	1,672,402
Investment in Hardscrabble partnership (Note 3)		468,384	
Property and equipment:			
Mineral properties (Note 4)		9,634,971	7,273,985
Buildings		775,005	15,780
Vehicles and equipment		328,221	205,785
		10,738,197	7,495,550
Less: Accumulated depreciation		112,542	60,889
		10,625,655	7,434,661
		$16,303,788	$17,496,406
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses		$ 422,894	$ 301,715
Promissory notes payable (Note 6)			1,094,321
Other notes payable, current (Note 7)		27,961	
Income taxes payable, current			160,000
Total current liabilities		450,855	1,556,036
Other notes payable, long term (Note 7)		232,883	
Promissory notes payable (Note 6)		1,094,321	
Income taxes payable, long term (Note 8)			1,349,075
Deferred income taxes (Note 8)		1,571,963	708,984
		3,350,022	3,614,095
Minority interests in Middle Buttes partnership (Note 1)		733,141	733,141
Commitments and contingencies (Notes 5, 12 and 13)			
Shareholders' equity (Notes 9, 10 and 14):			
Convertible redeemable preferred shares, $20 par value			
Authorized:	225,000		
Shares issued and outstanding:	215,810	4,316,200	4,316,200
Common shares, $0.01 par value			
Authorized:	20,000,000		
Shares issued and outstanding:	7,856,541	78,565	78,565
Additional paid-in capital		6,558,771	6,558,771
Retained earnings		1,267,089	2,195,634
		12,220,625	13,149,170
		$16,303,788	$17,496,406

The accompanying notes are an integral part of these financial statements.

CoCa Mines Inc.
Consolidated Statements of Operations

For the Years Ended December 31, 1984 and 1983

	1984	**1983**
Revenues:		
Gain on sale of partnership interest (Note 13)		$6,078,598
Interest income	$ 564,630	269,793
Other income	4,542	29,298
	569,172	6,377,689
Costs and expenses:		
Exploration	572,543	790,008
General and administrative (Note 14)	1,096,973	613,156
Interest and commitment fees	111,451	55,542
Equity in loss of Hardscrabble Partners (Note 3)	130,514	
	1,911,481	1,458,706
Income (loss) before undernoted item and income taxes	(1,342,309)	4,918,983
Restoration to earnings of previously deducted exploration costs (Note 1)	333,150	
Income (loss) before income taxes	(1,009,159)	4,918,983
Income taxes (Note 8):		
Current provision (benefit)	(1,260,834)	1,596,175
Deferred	862,979	708,984
	(397,855)	2,305,159
Net income (loss)	$ (611,304)	$2,613,824

The accompanying notes are an integral part of these financial statements.

CoCa Mines Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 1984 and 1983

	Preferred Shares		Common Shares		Additional Paid-in Capital	Retained Earnings (Deficit)
	Shares	Amount	Shares	Amount		
Balances at December 31, 1982	215,810	$4,316,200	7,361,541	$73,615	$3,323,721	$ (418,190)
Issuance of shares through private placement			495,000	4,950	3,235,050	
Net income for 1983						2,613,824
Balances at December 31, 1983	215,810	4,316,200	7,856,541	78,565	6,558,771	2,195,634
Preferred dividend						(317,241)
Net loss for 1984						(611,304)
Balances at December 31, 1984	215,810	$4,316,200	7,856,541	$78,565	$6,558,771	$1,267,089

The accompanying notes are an integral part of these financial statements.

CoCa Mines Inc.
Consolidated Statements of Sources and Uses of Cash
For the Years Ended December 31, 1984 and 1983

	1984	**1983**
Operating cash receipts:		
Sale of partnership interest		$6,700,000
Interest	$ 523,155	248,273
Other	4,542	29,298
	527,697	6,977,571
Operating cash expenditures:		
Exploration	600,515	745,579
General and administrative	1,075,963	642,973
Interest and commitment fees	111,451	55,542
Operations of Hardscrabble partnership (Note 3)	201,294	
	1,989,223	1,444,094
Net cash generated from (used in) operations	(1,461,526)	5,533,477
Other sources:		
Preferred shares issued		4,316,200
Common shares issued		3,240,000
Notes payable issued	266,775	
Other, net	8,596	
	275,371	7,556,200
Other uses:		
Additions to mineral properties	1,904,371	4,713,818
Additions to buildings	759,225	15,780
Additions to vehicles and equipment	122,436	99,199
Hardscrabble partnership (Note 3):		
To repay partnership indebtedness and fund the purchase of assets	233,529	
To acquire limited partner interests	138,054	
Payment of preferred dividends	317,241	
Payment of income taxes	317,290	155,742
	3,792,146	4,984,539
Net increase (decrease) in cash position	$(4,978,301)	$8,105,138

The accompanying notes are an integral part of these financial statements.

1 Summary of Significant Accounting Policies

(a) Change in Financial Statement Presentation. The Company's financial statements include a statement of sources and uses of cash rather than the statement of changes in financial position which had previously been presented for the year ended December 31, 1983. Management believes that the current format presents more meaningful financial information. Also, certain reclassifications were made to the 1983 financial statements to conform to 1984 classifications. These changes in statement presentation had no effect on results of operations.

(b) Priniciples of Consolidation. These consolidated financial statements include the accounts of the Company and the Middle Buttes Partners Ltd. partnership ("Middle Buttes") in which the Company is the general partner. The Company has assumed sole responsibility for funding Middle Buttes and designated it a development stage project effective January 1, 1984. All significant intercompany accounts and transactions are eliminated.

(c) Mineral properties. The cost of acquiring mining claims and option payments and expenditures of like nature made under license and option to purchase agreements are capitalized. Exploration costs are charged against earnings as incurred. When a commercial orebody is determined to exist, the related exploration costs previously charged against earnings are credited to earnings and capitalized. Costs of development stage projects are capitalized as incurred. Capitalized acquisition, exploration and development costs will be depleted over the estimated life of the orebody on a unit of production basis.

(d) Fixed assets are carried at cost. Depreciation is provided principally using the straight line method over the useful lives of the assets, principally eighteen years for buildings and five years for vehicles and equipment. Depreciation expense for the years ended December 31, 1984 and 1983 was $58,768 and $43,658 respectively.

(e) Income taxes. Deferred taxes are provided for the tax effect of timing differences. Investment tax credits are recognized in the period utilized.

2 Marketable Securities

Marketable securities are 3,003,435 shares of Equity Silver Mines Limited ("ESML") common stock, representing approximately 12% of the outstanding common stock at December 31, 1984. The Company has pledged 3,000,000 shares of ESML as collateral for the redemption of 200,000 preferred shares.

3 Investment in Hardscrabble Partnership

The Company is the sole general partner and a limited partner in Hardscrabble Partners Ltd. ("Hardscrabble"), a limited partnership which is a continuation of the Congdon & Carey Round Mountain Project, Ltd. limited partnership. The Company's interest in Hardscrabble became effective January 1, 1984.

On April 1, 1984 the Company and Hardscrabble entered into an agreement with Pacific Minesearch Limited ("Minesearch"), a British Columbia corporation, whereby Minesearch was granted a license to explore the properties in which Hardscrabble has an interest. Minesearch has an option to earn a 51% interest in such properties by expending $1,500,000 on the project by March 31, 1989. The Company accounts for its investment in Hardscrabble using the equity method as operations of the project are being funded by Minesearch.

The Company's investment account reflects its previous contributions as general partner to fund operations and the repayment of partnership indebtedness, as well as its purchase of a limited partnership interest. The Company's investment account exceeds its share of the net assets of Hardscrabble due to the purchase of a limited partnership interest. It is the opinion of management that the Company's investment in Hardscrabble as reflected on the balance sheet is not in excess of the net realizable value of the assets underlying the investment as of December 31, 1984.

4 Mineral Properties

Mineral properties at December 31, 1984 and 1983 are comprised of the following:

	1984	1983
Property acquisition and exploration costs:		
Hog Heaven	$5,223,825	$4,630,775
Middle Buttes	1,071,058	733,141
Other	74,192	50,081
	6,369,075	5,413,997
Development costs:		
Hog Heaven	2,659,766	1,859,988
Middle Buttes	606,130	
	3,265,896	1,859,988
Total mineral properties	$9,634,971	$7,273,985

5 Production Payments

The Company assumed from Congdon and Carey, Ltd. 5 ("C&C5"), a predecessor partnership, the liability for a production payment to the former operator of the Hog Heaven Project in the amount of $2,650,000. In addition, C&C5 retained a production payment of approximately $1,315,000, payable from the same project, after the former operator's production payment obligation is paid in full. C&C5 also retained a production payment of approximately $721,000 from the Gilt Edge Project. The production payments retained by C&C5 were subsequently distributed to the former limited partners of such partnership upon its dissolution.

The respective production payments will be payable without interest from 10% of the Company's net cash revenues from the specific projects. Net cash revenues are gross revenues less all costs and expenses and less the Company's unrecovered capital expenditures for such projects, together with interest thereon at 2% per annum over the prime rate from time to time of a Colorado bank. The amount of production payment a former partner in C&C5 is to receive is in proportion to such partner's interest as a limited partner in C&C5.

Approximately $85,000 of the total production payments to the former partners of C&C5 is payable to the Chairman and Vice Chairman of the Board of Directors.

6 Promissory Notes Payable

The promissory notes were given in connection with the acquisition of the net assets of Congdon and Carey, Ltd. 4 ("C&C4"), a predecessor partnership. These notes are payable to the former partners of C&C4, are without interest and are payable out of and to the extent of one-half of the Company's cash flow, as defined, in excess of $1,000,000 annually, except that no payments of principal may be made on the promissory notes while any of the convertible preferred shares remain outstanding. Dividends may not be paid on the common shares while the promissory notes remain outstanding. See Note 14.

Approximately $553,000 of the notes payable to the former partners of C&C4 are payable to the Chairman of the Board of Directors, a trust for the benefit of his children, and to the Vice Chairman of the Board of Directors.

7 Other Notes Payable

Other notes payable at December 31, 1984 consisted of the following:

Mortgage loan on real estate at Hog Heaven, 12% on declining balance, principal due in equal annual installments of $18,000, 1985 through 1994	$180,000
Mortgage loan on land and buildings at Middle Buttes, 10%, payable over ten years	68,616
Capitalized lease obligation	12,228
	260,844
Less: Current maturities	27,961
	$232,883

Maturities of other notes payable at December 31, 1984 were as follows:

1985	$ 27,961
1986	29,610
1987	23,417
1988	23,985
1989	24,611
After 1989	131,260
	$260,844

8 Income Taxes

The Company's operations are in the United States. The effective income tax rates for the years ended December 31, 1984 and 1983 are reconciled to the statutory corporate tax rate as follows:

	1984	**1983**
Statutory corporate tax rate (benefit)	(46%)	46%
Investment tax credit	(3)	(1)
Preference and other, net	10	2
Effective income tax rate (benefit)	(39%)	47%

As allowed under the Internal Revenue Code, the Company had elected to defer the payment of its 1983 Federal income taxes to March 15, 1985 or later. This election was allowable because the Company expected to incur a net operating loss in 1984 that would be carried back and result in full offset against the 1983 Federal income taxes otherwise payable. The Company did not incur as great a loss as previously anticipated for 1984 and, as a result, paid $195,000 in estimated Federal income taxes in 1984. The Company estimates that it will receive a refund of approximately $69,000 after carrying back its 1984 loss to earlier years, comprised primarily of state income tax refunds.

Approximately $1,658,000 of mineral properties has no tax basis to the Company. Future amortization of the costs will not be deductible for income tax purposes and will increase the Company's effective income tax rate for financial reporting purposes.

Deferred income tax expense for the year ended December 31, 1984 includes approximately $687,000 related to timing differences between book and tax treatment of mine exploration and development costs.

9 Convertible Redeemable Preferred Shares and Related Warrants

The preferred shares are voting and provide for cumulative dividends at the annual rate of $1.60 per share. Cumulative unpaid dividends at December 31, 1984 are $1.60 per share, aggregating approximately $346,000. As these dividends have not been declared, no accrual has been made for such dividends at December 31, 1984. Each preferred share is convertible into 5.5 common shares at any time up to December 31, 1986. Any preferred shares not converted by that date must be redeemed at their original issue price of $20 per share. Beginning January 1, 1984, the Company is able to redeem the preferred shares at $20 per share. Such redemption requires 45 days notice during which period the preferred shares may be converted by the holders. No preferred shares have been redeemed to date. See Notes 11 and 14.

Warrants to purchase 890,216 of the Company's common shares are outstanding at December 31, 1984. The warrants are exercisable at $3.636 per share only in conjunction with the conversion of the preferred shares. See Notes 11 and 14.

A related party holds 200,000 of the preferred shares and a warrant for 825,000 of the common shares. See Notes 11 and 14.

10 Stock Options

The Company has an incentive stock option plan under which options to purchase 275,000 common shares may be granted to officers and employees at the fair market value of the Company's common shares at the date of grant and under terms determined by the Board of Directors at the time of grant. Options under the plan expire ten years after the date of grant. Information concerning options under the plan as of December 31, 1984 is summarized as follows:

	Number of Shares	Price Range
Outstanding at beginning of year	186,252	$3.636 and $6.545
Granted	28,475	$6.545
Exercised, expired or cancelled	—	
Outstanding at end of year	214,727	$3.636 and $6.545
Exercisable at end of year	140,052	$3.636 and $6.545
Available for grant at end of year	60,273	

In addition to the options granted pursuant to the above plan, certain options were granted in 1983 which do not qualify as incentive stock options under the Internal Revenue Service Code. The President received an option expiring in 1993 to purchase 33,000 shares at $3.636 per share. Also, six directors each received options expiring in 1988 to purchase 8,250 shares at $6.545 per share. All of the above non-incentive stock options were exercisable immediately at the time of the grant.

No options have been exercised to date. The Company makes no charges to operations in connection with these options.

11 Related Parties

The Chairman of the Board of Directors and major shareholder of the Company is also President and Chief Executive Officer of St. Mary Parish Land Company ("St. Mary"). At December 31, 1984, St. Mary owned approximately 1% of the common shares of the Company, 200,000 preferred shares, and a warrant for 825,000 common shares. If the preferred shares had been converted to common shares and the warrants had been exercised, St. Mary would have owned approximately 20% of the common shares which would have been outstanding at December 31, 1984.

The Company reimburses St. Mary for costs incurred on the Company's behalf. Payments amounted to approximately $197,000 and $281,000 in the years ended December 31, 1984 and 1983, respectively. In addition, St. Mary received $294,000 in 1984 as its preferred share dividend.

The Chairman and Vice Chairman receive annual consulting fees of $60,000 and $50,000, respectively, for services rendered to the Company.

12 Commitments

The following is a schedule for the next five years of future minimum rental payments and property holding costs required to maintain lease, exploration or partnership agreements as of December 31, 1984:

Year ending December 31, 1985	$250,000
Year ending December 31, 1986	$286,000
Year ending December 31, 1987	$338,000
Year ending December 31, 1988	$271,000
Year ending December 31, 1989	$340,000

13 Contingencies

In 1983, the Company sold its interest in the Candelaria Partners limited partnership to the general partner for $6,700,000 cash subject to a clause which requires the Company to indemnify the general partner for specific possible litigation losses. In the opinion of management and its legal counsel, the possibility of a material contingency existing is remote. In the unlikely event of an unfavorable decision in the litigation, the Company's maximum potential exposure would not be material to the Company's financial position or results of operations. Accordingly, no provision for such liability has been made in the financial statements.

14 Deferred Public Offering

In 1984, the Company undertook procedures to make a public offering of its common shares for sale in Canada. In connection with the offering, the Company incurred costs through December 31, 1984 of approximately $293,000, primarily for legal, accounting, and printing costs. The financing has been deferred and the foregoing costs have been included in general and administrative expense.

The Company intends to proceed with a public offering when market conditions are more favorable. A definitive underwriting agreement will be signed at the time the offering becomes effective. Terms of the underwriting, including the number of shares to be offered and offering price, have yet to be determined.

Concurrent with a public offering, the preferred shares will be either redeemed or converted into common shares and the warrants will be either cancelled or exercised (see Note 9) and the promissory notes (see Note 6) will be paid by the Company out of its general funds.

Accountants' Report

To the Directors and Stockholders
CoCa Mines Inc.:

We have examined the consolidated balance sheets of CoCa Mines Inc. as of December 31, 1984 and 1983 and the related consolidated statements of operations, shareholders' equity and sources and uses of cash for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of CoCa Mines Inc. as of December 31, 1984 and 1983 and the results of its operations and sources and uses of cash for the years then ended in conformity with generally accepted accounting priniciples applied on a consistent basis.

Coopers & Lybrand

Denver, Colorado, U.S.A.
March 25, 1985

Directors

P. T. BEE
Dallas, Texas
Corporate Director and Trustee

ROBERT G. BOUCHER
Denver, Colorado
Chairman, President and
Chief Executive Officer
IntraWest Financial Corporation

WILLIAM J. CAREY
Dallas, Texas
Chairman of the Board
Empire Manufacturing Company

ROGER C. COHEN
Denver, Colorado
Attorney at Law
Cohen Brame & Smith, P.C.

THOMAS E. CONGDON
Denver, Colorado
President
St. Mary Parish Land Company

HUGH J. MATHESON
Denver, Colorado
President
CoCa Mines Inc.

JAMES C. O'ROURKE
Vancouver, British Columbia
Vice President-Business Development
Esso Minerals Canada

Executive Office

910 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203
(303) 861-5400

Officers

THOMAS E. CONGDON
Chairman of the Board of Directors

WILLIAM J. CAREY
Vice Chairman
of the Board of Directors

HUGH J. MATHESON
President and
Chief Executive Officer

J. CHRISTOPHER MITCHELL
Vice President and Secretary

ROBERT A. RIVERA
Vice President-Exploration

GORDON L. STEELE
General Manager-Operations

LEIGH W. FREEMAN
Manager-Project Development

JERRY E. JULIAN
Treasurer

MARK A. LATHROP
Controller

REBECCA D. ZUPAN
Assistant Secretary

Consulting Geologist

DOLF W. FIELDMAN
Palo Alto, California

Auditors

COOPERS & LYBRAND
Denver, Colorado

Coca Mines, Inc.
910 Denver Center Building
1776 Lincoln Street
Denver, Colorado 802[illegible]

excerpt Minutes CoCa Mines Directors Meeting 3/16/83

2. GILT EDGE PROJECT, LAWRENCE COUNTY, SOUTH DAKOTA (Ag)

In mid-August, 1982, Amoco Minerals, the operator of the Gilt Edge project offered for sale their 80% working interest. In February, Amoco indicated all bids had been rejected and proposed assigning their interest to CoCa, retaining a 6% NSR royalty. Additionally, CoCa would be required to undertake a substantial work commitment.

The project has a very widespread area of gold mineralization in numerous rock types. Recent work has discovered near surface ore grade mineralization in flat-lying sedimentary rocks in a new area. Amoco suggests open pittable reserves total 42.9 million tons grading .06 oz/ton Au. An additional 20 million tons grading .10 oz/ton Au is "drill indicated" at depth. Unfortunately most of the ores are highly pyritic causing poor metallurgical recoveries by cyanidation methods. It may be feasible to isolate high grade pods within the drill indicated reserves of perhaps 500,000 tons grading .178 oz/ton Au at a strip ratio of 10:1. A cursory economic valuation suggests a 30% chance of a $10 million profit on leach recovery from the high grade.

We recently proposed joining with Amoco in selling the project to a third party. Should Amoco be unable to find a buyer, CoCa offered to acquire Amoco's 80% interest on the following terms:

a) CoCa would maintain the property;

b) Exploration activites would be at CoCa's sole discretion;

c) Amoco would receive a non-interest bearing production payment of $5 million out of 20% of the net cash flow after payout.

3. ASHBY PROJECT, MINERAL COUNTY, NEVADA (Au, Ag)

The Ashby project is under lease to H. C. Ingle, Jr. who bears responsibility for maintenance. No royalties were received in 1982. We will make an annual visit and inspection of the property.

Report on Development Properties

Hog Heaven Project, Flathead County, Montana (Ag, Au, Pb, Zn, Cu)

We have been successful in reassembling a small, dedicated geologic staff at the Project. A comprehensive geologic interpretation of the property was completed late in the first quarter. A 30,000 foot drill program has been completed. At the time of this writing, only assays from the first three holes have been received from the laboratory. These confirm our indicated reserve data with respect to the specific area of these holes.

A major metallurgical test program is continuing at Hazen Research in Denver. Results continue to substantiate metallurgical recoveries between 65-70 percent with straight cyanidation. A five-step locked cycle program gave no evidence of solution fouling. An extensive caustic pretreatment investigation continues. We are able to get recoveries in the high 86-90 percent range through such pretreatment, but the results are erratic and poorly understood. A test program on underground sulfide ore is to be undertaken when a suitable metallurgical sample is assembled from new drill cuttings.

The state permitting process has been initiated. Although the negotiations are time consuming, we are pleased with the favorable attitude state officials have taken toward the project. We would expect final approval of a development plan early in 1984. The major area of concern involves tailings disposal. Geotechnical consultants have been chosen for the evaluation of tailings disposal areas.

The economics of the Hog Heaven Project have not changed since our last meeting. The Project continues to look very attractive at a silver price of $12 per ounce.

Gilt Edge Project, Lawrence County, South Dakota (Au, Ag)

In late April, Amoco Minerals, the operator of the Gilt Edge Project, advised they had reached agreement in principal with Lacana Mining Corporation in incorporating the terms CoCa had suggested to Amoco regarding sale of our joint interest in the property.

Lacana will pay a $50,000 bonus to be split 80/20. A royalty on production in the amount of 7.5 percent of gross proceeds will also be split 80/20. However, all underlying royalties paid to senior minerals owners will be deducted from this 7.5 percent royalty. Lacana will be required to make all property payments required for 1983 and has agreed to minimum work expenditures as follows:

Year	Expenditure	Cumulative
1983	$ 500,000	$ 500,000
1984	1,000,000	1,500,000
1985	2,000,000	3,500,000
1986	2,000,000	5,500,000
1987	2,000,000	7,500,000

In the event Lacana fails to make the minimum expenditures required, the properties will revert to the joint venture.

A signed agreement has not been received at this date.

Ashby Project, Mineral County, Nevada (Au, Ag)

The Ashby Project remains under lease to H. C. Ingle, Jr. No royalties are anticipated during 1983.

Round Mountain Project, Custer County, Colorado (Ag)

Chevron Resources Inc.'s regional office in Golden recommended the Round Mountain Project to the Budget Committee of Standard Oil of California. In late April, the local Chevron office informed us their headquarters "want further justification" prior to accepting the proposal. It is now felt Chevron will not consummate their agreement and the burden of property maintenance must be carried by CoCa. It is widely rumored that Chevron, like many of the major oil companies, are reconsidering their entry into minerals and are giving serious thought to disbanding their minerals subsidiary.

Excerpt Minutes CoCa Mines Directors Meeting 9/20/83

REPORT ON DEVELOPMENT PROPERTIES

Hog Heaven Project, Montana (Ag, Au, Pb, Zn, Cu)

The major drilling program was substantially complete by mid-August at a cost of approximately $1 million. A geologic reserve report is in final preparation and will be available at the time of the Directors' meeting. It would appear the reserve information compiled in September, 1982 was substantially correct and the additional drilling during 1983 has moved tonnages from the probable to proven category. This step was necessary to obtain senior financing for mine and mill construction. An extensive metallurgical test program continues at Hazen Research in Denver. The specific metallurgical process to be implemented at the project will be finalized in late September and an optimized production schedule will be complete by mid-November. Kilborn's final feasibility report will be available for distribution at the end of November.

We were successful in negotiating an option with Anaconda Minerals Company to purchase its mineral rights in 6½ square miles at a price of $3 million. The acquisition from other parties of surface rights to the mineralized areas as well as land required for tailings and mill site construction is expected to add an additional $400,000.

The state permitting process is well advanced. We would expect final approval of the development plan during the fourth quarter assuming we are successful in consummating a surface rights agreement with Burlington Northern. Should it become necessary to site a tailings disposal facility on our own land, some delay in permitting may occur.

The economics of the Hog Heaven Project continue to look attractive at current metal prices.

Gilt Edge Project, South Dakota (Au, Ag)

A signed agreement between Amoco Minerals, CoCa and Lacana Mining Inc. has been received. Lacana has paid a $50,000 bonus (CoCa's share being $10,000) and will proceed with a $500,000 work expenditure for calendar 1983.

but it is anticipated they will proceed with a 1984 work expenditure.

Ashby Project, Nevada (Au, Ag)

No work was undertaken on the project during the quarter. It remains under lease to H.C. Ingle, Jr. A modest production royalty payment was received.

Round Mountain Project, Colorado (Ag)

Anaconda Minerals Company expressed an interest in a joint venture. In late November, the regional exploration manager informed us he failed to obtain budget approval. We would suspect this is another indication of Arco's withdrawal from the hard rock minerals business. Discussions continue with a junior Canadian mining company.

During the quarter, a new mining lease was negotiated with the six parties who were the lessors under the Wolff mining lease. The previous lease, negotiated in 1968, provided for annual advance royalties of $7.00 per acre and a sliding scale production royalty which would have amounted to 12.5% based on the ore grades that have been encountered to date. The new lease is for a term of 15 years plus so long thereafter as production shall continue, at an annual advance royalty of $15.00 per acre and a 5% flat rate production royalty. In addition, three of the four option to purchase agreements that had balloon payments falling due in October 1983 in the amount of $252,700 have been renegotiated to spread the balloon payments out over generally a 4 year period (1983-1986) at no increase in price and without interest on the deferred payments. The fourth agreement, which involves a trust, is before the Court with the trustee's recommendation that it be approved.

A new core shack/office building is under construction on two lots immediately west of the existing core shack. The estimated cost is $40,000. Once this building can be occupied, efforts will be concentrated on reorganizing the considerable number of samples, core boxes, etc. so they can be properly accessed and used to plan further work on the project.

Jerome Project, Arizona (Cu, Au, Ag)

During the quarter, an induced polarization geophysical survey was completed. Further work will be required to more fully evaluate the anomalous indications. One drill hole, part of our work obligation under the Verde lease, was completed on a site designed to test a target Verde required to be drilled. The drill hole encountered the Precambrian surface at a depth of 601 feet and penetrated 291 feet of variously altered rhyolitic material to a total depth of 892 feet. Samples have been submitted for assaying, but results are not yet available.

(f) Gilt Edge Project

Lacana Gold, Inc. has spent $1.3 million of the $1.5 million work commitment stipulated for the twelve months ending June 1985 and is faced with a $2 million program for the following 12 month period under its current lease. Lacana has asked our managing partner, Amoco Minerals, for relief from the present level of work commitments, pleading $400 per ounce gold is required to make the project economic. Amoco has suggested extending by six months the June 1985 date in consideration for Lacana committing to an additional $250,000 of exploration this calendar year. Succeeding work programs would commence January 1 rather than the previous July 1, but would otherwise remain unaltered. Present reserves are 3.5 million tons of mineable oxide grading 0.06 ounces per ton and leach recoveries of 70%, plus potential sulfide reserves of 2.5 million tons grading 0.08 per ton gold. CoCa can expect insignificant royalty payments for the near future with little chance of regaining control of the property.

(g) Jerome Project

Compilation of voluminous data on the Jerome mining camp into a summary report and proposal is underway. We will then attempt to interest a consortium of companies to continue exploration. No physical work will be conducted on the property.

. FINANCING

Immediately following the last Board meeting, we dropped our agreements with Citibank and Merit Consultants. We believe both agreements could be reinstated within sixty days should the silver market improve.

Since our last meeting, the silver price has continued to decline. Our investment banker, Burns Fry Limited, continues to show an interest in our long term ability to obtain public financing. However, in the short term, there is little chance of floating an issue unless one had an orebody of exceptional merit that could realize an attractive rate of return at current metal prices. Even with the depressed metal prices, we continue to hear from investment houses interested in precious metals. In particular, A.G. Edwards of St. Louis and Pemberton of Vancouver keep reminding us of their interest. Silver also appears to be getting a more "up-beat" presentation in the from minutes of BoD meeting 4/18/86

(e) Jerome Project

Mr. Rivera is showing the data to a number of companies who have expressed interest in examining the project. If we are unable to farm the project out, we will probably drop our interest in the area.

(f) Gilt Edge Project

Negotiations are proceeding with Cyprus and the proposed purchaser of the property. The buyer had originally only wanted to sublease the property, but in view of potential environmental liability problems, Cyprus and CoCa felt it would be better to sell their respective leasehold interests for cash. In the event the buyer is unable to complete the purchase by December 31, 1986, the property may well revert to the joint venture.

5. Reconnaissance

The President stated that he felt it important that the Company carry on with a modest reconnaissance program, primarily in California and Nevada so as to maintain a presence within the industry. He noted that the Rawhide property, a promising gold deposit in Nevada that the Company had been interested in 24 months ago, had been acquired at that time by Kennecott, which paid $500,000 "up-front" to the vendor. Kennecot subsequently spent several million dollars proving up the property, an recently farmed the project out to a small Salt Lake City mining company Plexus Resources. It is understood that Kennecott has retained a 50 carried interest, and Plexus Resources intends to joint venture th property with Peter Kiewit & Sons.

6. Financing

The directors reviewed the budget included with the Agenda.

Mr. Mitchell explained that the budget indicated the Company's cas reserves were sufficient to finance activities into the third quarter However, should the sale of Equity shares not be completed or revenue from the Cactus Gold Project be delayed, additional financing would t needed in the third quarter. United Bank of Denver's minir representative visited the Cactus Gold Project and discussed the Company financial position with management. He was of the opinion that the Bai would be prepared to provide a revolving credit facility, subject to tl following conditions:

- The bank receiving a security interest in the Equity shares superi to that of St. Mary;

- There being a mechanism in the loan agreement to insure that if t collateral value of the Equity shares falls to less than four tim the borrowings under the revolving credit, either addition collateral is furnished or borrowings are reduced, with t understanding that if coverage falls to less than three tim borrowings, the Bank can begin selling Equity shares at its sc discretion;

from agenda for BoD meeting 7/15/86

(f) Soledad Mountain Project

Reconnaissance work has developed a geologic target similar to our Cactus Project. Further geologic reconnaissance and land acquisition is planned for the third quarter with a total 1986 expenditure of $5,000.

(g) Jerome Project

One lease with option to purchase has been surrendered to the optionor and another parcel has been listed for sale with a local realtor. Discussions are continuing with Verde Exploration, our major lessor, respecting a joint sub-lease of the sand and gravel resources on the property. CoCa would receive 25% of the royalties arising from the gravel operation.

(f) Gilt Edge Project

We have sold our leasehold interest to Brohm Resources for $0.25 million. As previously reported, about 85% of the amount to be received by the Company will be distributed to the former partners of C&C5. These individuals had retained a production payment when the assets of that partnership were acquired by the Company in late 1982. Brohm has paid us the first $20,000 installment, $80,000 is due in August, and the final $150,000 is due by December 31, 1986.

The following resolution should be adopted with respect to the sale:

> RESOLVED THAT the sale of the Company's twenty percent joint venture interest in the Gilt Edge Project in an installment sale in the amount of $250,000 be and is hereby ratified and affirmed. FURTHER RESOLVED THAT the execution by the Company's President and Secretary of an Acquisition Agreement dated June 26th, 1986, a copy of which has been initialled by the Secretary for identification and which is attached to these minutes be and the same is hereby ratified and affirmed.

We have been advised by VenturesTrident that it recently acquired 25 - 30% of the stock of Brohm in a private placement.

5. Budget

(e) Jerome Project

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